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ENERGY-DEFENSE RELATIONSHIP VIEWED, PROJECTED IN OUTLINE

Paris DEFENSE in French Feb 81 pp 7-14

[Article by L. Quinio et al: "Energy, Raw Materials, and Defense"; Report Prepared by a Committee Chaired by L. Quinio and Consisting of R. Ballu, J. Barth, R. Murat, and Ph. Wacrenier; Part One of this article appeared in WEST EUROPE REPORT No 1716, JPRS 77600, dated 17 Mar 81, on pp 16-23, titled as above]

[Excerpts] In the first part of this report we studied the problem of energy from its various physical, economic, and military aspects. We presented an inventory of the world's requirements between now and the year 2000 as well as the resources available in the various forms of energy, such as petroleum, gas, coal, nuclear, and new forms of energy. We studied the economic consequences and political implications of the oil crisis. We analyzed the case of France and proposed an energy strategy for it.

The problem of raw materials, from that same angle, is the subject for this second part of our report.

Second Part. Raw Materials

Balance of Resources and Requirements Worldwide

Economic Aspect

Development of Prices

In 1973, the oil crisis made the raw-material-producing countries aware of the fact that these raw materials had a political value that was capable of being expressed in money. Hence the growing concern with obtaining control of the resources in their subsoil which expressed itself in various ways (partnerships, nationalization of sales, and even of companies). However, until now, except for some special cases (phosphate, for example), the impact on raw material prices has been relatively minor; the economic slowdown, which is expressed by a tendency toward raw material savings, very greatly influenced prices.

These prices as a matter of fact are very artificial and influence only the margins (due to the makeup of "producer prices" within the integrated markets). However, in longer-range terms, the political factor will undoubtedly be decisive in causing a price rise and this trend will be strengthened by the tension that might spring

from the slowdown in investments. This price rise will undoubtedly also be necessary to make it possible to guarantee the renewal of reserves because the costs of prospecting and investments connected with exploitation are becoming heavier all the time as the most easily discovered and exploited deposits gradually tend to run out.

Consequences on Economies

The share of crude raw materials is relatively small when compared to the total economic output of the industrialized countries (less than 1 percent of the gross domestic product, except for energy raw materials. A price rise in the case of mineral raw materials thus should be more easy to take than a price rise in energy (especially since this would simultaneously lead to economizing in the use of these raw materials while seeking to discover easier and better dimensioned solutions). This nevertheless does constitute an additional inflationary factor for the last quarter of the century.

For the producing countries, this trend toward a price rise can earn them financial resources to speed up their development, especially if mechanisms are established to preserve these rises from the effects of inflation and to guarantee the maintenance of the "terms of trade." But on the other hand this capacity to invest, which would result from the rise in the earnings of the raw-material-producing countries, would bring two series of consequences.

The first one, in short-range terms, would feature the development of a market for the industrial countries which would find an outlet there for their equipment and hence positive compensation for the supplementary expenditures resulting from the rise in raw material prices.

The second one, in more longer-range terms, would be the new competition which the industrial countries would have to face from the new producers who will have established themselves in the developing countries and who will be liable to produce cheaper semi-finished products, perhaps even more highly processed products (see, for instance, the feedback effect already observed in the textile industry or the effect which might arise for the big middlemen in the chemical industry, with all of the investments currently in progress around the Persian Gulf).

This double series of consequences, in the end, would mean--for the industrial countries that produce little in the way of mineral raw materials (especially for the countries of old Europe)--a redistribution of the industrial fabric with the strengthening of the share of industries with a high technological added value and, on the other hand, a relative decline in the share of the basic heavy industries. At the same time, the nature of mineral raw material "supplies" should gradually evolve with a decline in the relative share of "minerals" and an increase in the share of semifinished products. By way of example, there is very little likelihood that we in France would go back to the blueprints we had at the end of the sixties which visualized increasing French steel output to 45 million tons of steel, with the installation of new facilities at Saint-Nazaire or Le Havre, after those of Fos and Dunkerque. The future undoubtedly counsels against strengthening the very highly developed metallurgical industries necessary for the leading industries. The basic heavy steel, aluminum, copper, etc. industries should develop in the developing countries near the mineral deposits or near cheap sources of energy to be used

in processing those minerals. The industrialized countries should concentrate their efforts on the "little metals" which are indispensable for special products. It will be much more important to have them to guarantee the development of the industries of the future than to have on site a heavy industry which is expensive in terms of energy, which causes pollution, and which offers a poor added value. Supply based on semifinished products undoubtedly will not be any more difficult than guaranteeing it on the basis of minerals especially if cooperation links are created with the developing countries which we will have helped develop their natural resources.

Political Aspect

The growing awareness of the political power represented by the possession of raw materials has been greatly speeded up by the energy crisis: the use of the petroleum weapon by the Arab states after the Yom Kippur war was quite revealing of this situation.

Right now, raw materials are some of the most important elements in relations between industrial nations and developing countries and constitute the principal theme of the "North-South" dialogue.

Dependence of Industrialized Countries

Roughly speaking, the industrialized countries today produce 50 percent of the mineral substances while they consume 75 percent. They thus depend for one-third of their supplies on the developing countries. This dependence--which by the way varies greatly according to the raw materials involved--is distributed very unevenly among the various countries of the world; the industrial countries of old Europe and Japan are much more vulnerable than the big new countries that have large surface areas as yet unexploited and that are in a generally balanced position (the United States or the USSR) or even in a position as exporters (Canada and Australia in particular).

Possibility of Forming Producer Cartels

There is a great temptation for the producer countries, in view of this situation, to form cartels--in the image of the petroleum countries--in order as much as possible to upgrade their resources and to work on the consumers and on the price level. Attempts along these lines were made especially by the copper producing countries (CIPEC [Intergovernmental Council of Copper-Exporting Countries]) but nothing very positive has been achieved so far. Indeed, contrary to what is happening in the case of petroleum, where the countries of the Middle East hold an exceptionally strong position, the raw material producing countries are widely scattered and often have widely divergent interests. Besides, it is much easier to turn off the petroleum spigot in already rich countries which have financial reserves than it is to stop mining production and put many people out of work in poor countries that do not have any reserves. The raw material price rises which followed those of petroleum in 1973 were very quickly wiped out by the effects of the worldwide economic slowdown without the market outlets of the cartels being able to prevent this decline. The CIPEC in particular recommended a reduction in the output of its members but was unable to prevent copper prices from dropping to their lowest long-term level--in terms of constant currency--during the period of 1975-1977.

		1 Unité	1978 2 France (y compris Nouvelle-Calédonie)				Taux de 3 croissance prévu de la consommation	1990 APPROCHE ATIONS	
			Production	Importations	Exportations	Consommation		Production	Importation
	Bauxite	kt Al	330	320	3	647	5 %	0/100	500 à 600
7	Aluminium	kt Al	552	291	167	683		600	700 à 800
8	Antimoine minerai	kt Sb	0	5		5		1 à 2	4 à 5
9	Antimoine métal	t Sb	5205	809	242	5772		5000 à 6000	
10	Argent minerai .	t Ag	65,7	128	3	214	3 %	60	
11	Argent métal ...	t Ag	203	1073	226	1390		200	
	Chromite	kt Cr	0	73	1	72	4 %	0	0 à 115
	Ferro-chrome ...	kt Cr	53	28	9	45		0 à 50	65 à 115
	Cobalt minerai .	t Co	0	1170	0	1170	4 à 7 %	0	900
	Cobalt métal ...	t Co	905	947	897	955		1000	600 à 700
12	Cuivre minerai .	kt Cu	0,5	0	0	0,5	2,5 %	5 à 7	0
13	Cuivre métal ...	kt Cu	41	407	42	563		45	700
14	Etain minerai ..	kt Sn	0	0,5	0	0,5	1 %	0	0
15	Etain métal	kt Sn	0	10,6	0,7	9,9		-	11,9
16	Fer minerai ...	Mt	33,5	14,6	10,9	38,4	2,5 %	10	20 à 30
	Manganèse minerai	Mt	0	0,96	0	0,96	2,5 %	0	1300
	Fe Mn - Fe Si Mn	kt Mn	310	30	250	90		100 à 350	0 à 120
17	Molybdène minerai	kt Mo	0	3,5	0,2	3,2	5 %	0	6,3
18	Molybdène métal+ oxydes+ferro	kt Mo	2,9	1,1	0,4	3,6		2 à 4	3 à 4
	Nickel minerai .	kt Ni	66,1	0	28,2	37,9	3,5 à 4 %	70	
	Nickel métal oxydes+ferro	kt Ni	28,0	19,0	23,7	36,0		30	
19	Plomb minerai ..	kt Pb	32,5	80,8	0	113,3	2 %	25 à 30	100 à 120
20	Plomb métal	kt Pb	208,2	35,5	36,8	211,7		210	60
	Tungstène minerai	kt W	0,6	1,4	0,5	1,5	3 %	1 à 1,5	0 à 0,6
	Tungstène métal ferro	kt W	1,3	0,2	1	0,5		1,5 à 2	0
	Zinc minerai ...	kt Zn	39,9	200	23	240	2 %	45 à 50	250
	Zinc métal	kt Zn	240,1	85,9	53,6	293,9			120
	Barite	kt	225	8	117	116		240	130 ?
	Fluorine	kt CaF_2	259,7	1,7	78,1	183		200	200 ?
	Phosphates	kt	24,6	4965	0	990		25	5000
21	Potasse	kt K_2O	1795	98	296	1597		800	-
22	Soufre élémentaire	kt S	2130	660	1151	639		900 à 1000	1500 ?
	Talc	kt	292	16	65	243		?	?
	Uranium minerai	t U	218	3130	194	-		?	?

Main Data of the French Market's
Nonenergy-Producing Substances

Key:

1. Unit
2. France (including New Caledonia)
3. anticipated consumption growth rate
4. imports
5. exports
6. consumption
7. aluminum
8. mineral antimony
9. antimony metal
10. silver minerals
11. silver metal
12. copper mineral
13. copper metal
14. tin mineral
15. tin metal
16. iron mineral
17. molybdenum mineral
18. metal plus oxides plus ferro molybdenum
19. lead mineral
20. lead metal
21. potash
22. elementary sulfur

But this apparent failure of the establishment of cartels did not prevent a considerable development in the behavior of the producing countries and the exploitation of mining resources, in the developing countries, is now very largely controlled by the governments, either through nationalization, through partnerships in exploitation, or only through control over sales. Since then, all international commerce in these raw materials has been very heavily dependent on political decisions and we must visualize the future in relation to this basic fact of life.

France's Situation

France is an old mining country which in the past held a first-ranking position in iron, aluminum, potash, and antimony especially. The current situation is less outstanding and France in general terms is heavily dependent on foreign sources:

For substances connected with steel industry activities, France must import 30 percent of the iron it consumes (including three-quarters coming from developing countries) and 100 percent of manganese (all of which comes from developing countries);

For nonferrous metals and other substances for industrial use, France must import, overall, 55 percent of its consumption (the rest being covered by domestic output to the extent of 15 percent and from recycling to the extent of 30 percent). Next, two-thirds of the country's imports come from developing countries.

This general analysis in fact covers situations that vary greatly according to the substances involved (see table). But it should be noted that the gradual exhaustion of certain resources will aggravate the situation regarding substances for which the French position is currently strong; this as a matter of fact involves the gradual exhaustion of the bauxites of the South for aluminum or of gas at Lacq (which had made it possible to guarantee France's independence in the sulfur field).

For the future therefore France's situation of dependence runs the risk of getting worse, unless there are some exceptional discoveries, something which is not impossible because, geologically speaking, the French subsoil offers a good potential.

In this context it is evident that it is essential for France to maintain good relations with its suppliers, especially with the developing countries, to guarantee the continuation of its supplies under conditions preventing abrupt turnabouts that generate crises.

France's Strategy

The measures recommended for energy remain perfectly valid regarding raw materials and the strategies must obviously be the same:

First of all we must reduce France's dependence by giving it the possibility of coming up with alternate solutions and that means emergency stockpiles, improved recycling and recovery, strengthening of national output capacities;

Realizing that, in any case, France will have to go abroad to get a very large fraction of its raw material supply for the economy (in the broader sense), it will also be necessary to create conditions so that these supplies will be as reliable and safe as possible.

Emergency Stockpiles

The basic principle behind the creation of emergency stockpiles was spelled out by the government on 21 January 1975 in a decree and a beginning has been made toward it. It would be desirable to speed up the establishment of this stockpile (which,

in the end, should be enough for 2 months of consumption). This calls for tieing up very considerable sums of money (Fr3.5 billion) although in the end the cost would be nothing if we take into account the anticipated development of raw material prices. This is an absolutely necessary operation in order to be able to cope with any difficulties that might arise, without too much risk.

Savings

The second measure, relatively short-term, concerns savings in raw materials, improvement in recovery and recycling. By savings we must furthermore mean better utilization (lighter structures, better dimensions) rather than refraining from consumption to begin with (each French citizen must be asked to keep his car for an additional year and that would help save considerable raw materials but it would lead to the failure of a large slice of the French economy and certainly that is not something we want).

Concerning recovery and recycling, very large improvement margins do exist as compared to the current situation and all measures should be taken to move in that direction.

Prospecting on National Territory

In January 1975, the government launched a first five-year program designed to come up with an inventory of mineral resources in continental France and Guyana. This program has made it possible to get very good results and was renewed for a period of 5 years and extended to cover New Caledonia. The overall objective of this program is, in the end, to double French mining output, except for iron and aluminum (which, considering the anticipated development of consumption, would make it possible to guarantee 20-25 percent of that consumption during the nineties).

Secure Supplies From Abroad

Useful though they may be, all of these measures will not prevent the French economy from depending on foreign sources for at least 50 percent of its supply in mineral raw materials. Major efforts are going to have to be made to guarantee these supplies.

The first measure should be aimed at diversifying the suppliers as much as possible while making sure that a by no means negligible portion of those suppliers will be located in politically stable countries that are not as yet too heavy consumers (hence the importance of countries with a strong mining potential such as Australia or Canada).

Realizing that they will necessarily become increasingly important suppliers in the future, it is furthermore necessary to establish bonds of cooperation and interdependence with developing countries in the national interest of each of the parties involved.

The cooperation must go beyond simple exploitation of crude raw materials and move on toward semifinished products and even more highly processed products, at the same time furnishing investments and providing training for personnel capable of running these facilities.

But to make sure that this kind of cooperation will develop under good conditions, we must find solutions to the following problems:

Fixing prices on raw materials;

Return on investments and technology transfer in developing countries.

These solutions can be worked out only in an international context, at least a European context, and the Lome accords are a first step in that direction. It is essential to step up the European effort in this matter. All European countries as a matter of fact are facing the same difficulties. Together, they can carry the weight necessary to assert their position.

5058
CSO: 3100/689

BRIEFS

FINNS RETURNING FROM SWEDEN--The movement between Finland and Sweden last year, for the first time since the mid-seventies, showed a surplus in movement to Finland. This has to do with the fact that returning from Sweden has increased since the worsening of the employment situation there. Above all, young Finns moved to Sweden last year. A third of the Finns who arrived with the aid of the employment exchange offices' assistance had recently completed their education. Over half were between the ages of 16 and 24. At the end of 1980, unemployment among young Finns in Sweden under 24 was 9.7 percent. [Text] [Stockholm DAGENS NYHETER in Swedish 30 Apr 81 p 9]

CSO: 3109/172

DEVELOPMENT AID PROJECTS IN SRV, KENYA NOTED

LD3008S7 Helsinki HUFVUDSTADSBLADET in Swedish 10 Apr 81 p 20

[Unattributed report: "Development Projects for Vietnam, Kenya"]

[Text] On Thursday [9 April] the Foreign Ministry granted 36 million markkaa from its 1981 budget to the Pha Rung Shipyard project in Vietnam. Finland has already contributed 78 million markkaa to the construction of this repair yard. For the years 1981-83 a further 67 million markkaa have been reserved for the purpose.

The construction has not progressed at the planned rate. This has been because Vietnam's own resources have not been sufficient and because of the general economic recession. It has been necessary to extend the timetable by 1.5 years and Finnish investments have been increased.

Today a little over one-third of the project has been completed. It was started approximately 3 years ago. The increase in Finnish investments is expected to have a noticeable effect on the rate of construction.

A new development project will commence in Kenya with funds from the Finnish development aid budget. It concerns an inventory of the water resources in rural Kenya. In addition a plan will be worked out for the exploitation of these resources.

Work on the project will probably take around 7 years and will embrace an area of 3,000 square kilometers in western Kenya between the Ugandan border and Lake Victoria. Some 0.5 million people live in the area.

The project's first phase will involve around 10 Finns and its cost is estimated at 10 million markkaa. The work will be carried out by Kenfincon, a company owned by Allmaenna Ingenjoersbyraan Yit and Finnconsult Oy.

CSO: 3109/164

GISCARD DISCUSSES PLANS FOR IMPROVING ECONOMY

Paris LE NOUVEL ECONOMISTE in French 13 Apr 81 pp 51-53

[Interview by Michel Tardieu and Jean-Pierre Sereni with President Valery Giscard d'Estaing: "Giscard: '30 Billion for Revival'"; date and place not given]

[Text] Valery Giscard d'Estaing was expected to talk about diplomacy; but the candidate chose to attack employment first, and then the economy. He shared some of his proposals with LE NOUVEL ECONOMISTE.

[Question] Will your plan for employment make it possible only to achieve a significant reduction in the number of job-seekers?

[Answer] On presenting this plan, I indicated clearly that employment is dissociable from the economy, and I specified the two conditions necessary for development of employment: energy independence, and competitive enterprises. On the first point, one has to be clear: the electronuclear program which I have defined, and which today serves as a reference point for all developed countries, will be pursued. As regards our competitiveness, it is necessary first of all to keep from adding to, and if possible to lighten, the burdens that weigh on our enterprises' production costs.

But it is also necessary to go farther by promoting investment, research, innovation.

It is not by a massive stimulation of consumption that employment is to be served. You know that the 1981 Budget has established, for a 5-year period, a tax deduction for investment. This is important. But one should go farther: in parallel with the employment plan, I propose a "plan for investment," for our competitiveness, and therefore the development of employment, will depend in the first place on our investment effort.

To keep to the essential matters, the elements of this investment plan are as follows.

In the first place, concerted action between France and the FRG in favor of productive investments that create jobs. In France and in the FRG, a special Investment Fund for employment will be created which in the case of France will be managed by the Credit National, working in close collaboration with the Equipment Credit Institution for Small and Medium-Size Enterprises. This fund's resources will be fur-

nished by long-term loans issued simultaneously by the two countries on the international money market. The total amount of these operations will be 5 billion ECU, or 30 billion francs, and each country will have at its disposal half of the resources thus garnered; these operations will be carried out in several installments in the next 18 months.

The countervalue of these loans in national money will be used for the financing, at state-subsidized interest rates, of productive investments in the strategic sector--in particular, investments for the energy and raw-materials economies; investments to facilitate enterprises' structural adaptation; investments for automation and robotics.

In the second place, the 1982 Budget will include an important fiscal device for stimulating research, a device that will be established for the entire 7-year period. As you know, I have specified the development of research as the No 1 priority of the Eighth Plan and I have set an ambitious goal in this regard: raising research and development's share of our GNP to 2.3 percent in 1988, which will put us at a level at least equal to the best. The arrangement that will be set up will make it possible to achieve this goal. In particular, it will be aimed at supporting the research and development efforts of the medium-size and small firms.

Finally, starting in 1981, the state will make its contribution to support of economic activity by investment: the situation-related Action Fund included in the 1981 Budget will be unblocked as of this coming 15 June. Thus, 6.5 billion francs in program authorizations can be committed as of that date: 2.3 billion francs of it in the housing sector and 2.4 billion in the telephone sector--two sectors that are important both for support of our activity and for the competitiveness of our economy, and therefore for employment.

[Question] On several occasions, you have stressed the importance of our demography in explaining the rise in unemployment. Despite the curbing of immigration, the setting-up of early retirement, there will still be about 230,000 more job-seekers in the market each year until 1985--scarcely fewer than in the 7-year period just past. Must we therefore resign ourselves to a nearly equivalent increase in unemployment for at least another 5 years?

[Answer] Thank you for this question, which enables us to go immediately to the heart of the problem. According to the projections done on the evolution of the working population, it should increase by about 900,000 persons in 4 years. This figure expresses the importance of the challenge we have to meet between now and 1985. Beyond that date, in effect, the annual increase in the working population will be one-half less than what it was in 1980 or 1981: 130,000 persons more, as against about 250,000. This outlook makes it possible to act as of now on the basis of the far more favorable situation that will prevail during the second half of the 1980's. We can thus affect this future if we undertake action of exceptional scope. The objective that constitutes my campaign's central commitment is, in effect, to offer, on a priority basis, employment to all young people seeking an occupation and to achieve a significant reduction in the number of job-seekers. The program that I propose will make it possible before 1985 to offer about 1 million jobs to the French people, and especially to the young people who are coming onto the job market. To these jobs must be added those that will be created by economic growth. The success of this program implies two conditions: the search for energy independence and development of the competitiveness of our enterprises in the face of the international competition.

in our plan, two categories of measurements must be distinguished. The first have a temporary character. It is a matter of acting in advance on the far more favorable evolution that will result, starting in 1985, from the better balance between the generations who are going into employment and those who are going into retirement by favoring early access to retirement and encouraging the departure of the immigrant workers. The measures in the second category, though, have an enduring character. Intensification and adaptation of occupational training, more flexible organization of labor and development of part-time work, transformation of unemployment assistance into employment assistance, elimination of the obstacles to job creation--these things will have the effect of transforming the conditions of employment and thus of preparing for the gradual return, in the future, of full employment again. These measures as a whole will make it possible to reach 1985 without aggravation of unemployment and with a start made on decreasing it.

[Question] Traditional industry has to sacrifice thousands of employees in order to remain competitive. In the advanced sectors, the new technologies, as it turns out, are devouring jobs. Under these conditions, where are tomorrow's jobs?

[Answer] The French economy has been creating additional jobs in the last 7 years, despite a decrease in the industrial sector--but a decrease that has been less in France than in the other big industrialized countries. This double evolution expresses the permanent modification of the structure of employment as technical progress modifies the nature and quality of products as well as the modes of production. Need I mention the fact that advances in productivity in industry as well as in services have a double positive effect, necessary for creation of jobs and for growth? They make it possible to improve the buying power of the French (up 23 percent from 1973 to 1980) and to increase French industry's share of the world market. The growth of the volume of industrial exports (up 55 percent in 7 hears) underlies the creation of many jobs. Tomorrow's jobs therefore exist, on condition that French industry is capable of holding its place in the area of the strategic products of tomorrow. Right now, France is challenging Japan for second place, after the United States, in the acquisition of modern technologies.

[Question] There is nearly general agreement about encouraging more massive departure of immigrants and freeing up jobs. In France, contrary to the FRG, we have favored family immigration. Doesn't this make it very difficult to promote accelerated return without grief?

[Answer] A few years ago, the replacement by a Frenchman of an immigrant worker going back to his country would doubtlessly have posed a problem. The upgrading of manual labor, which I initiated, despite the criticisms, and which I have tenaciously continued with during the 7-year period, makes it possible today to offer young French people positions that coincide better with their desires. By defending manual labor, I have defended the employment of the French. The inquiries made into the replacement of foreign workers who have left and had the help of the repatriation-aid subsidy show that in one out of two cases, they have been replaced by French citizens. Greater departure of immigrant workers will definitely make it possible to offer jobs to the French. We have not wanted to apply, as in the FRG or Switzerland, a policy of constraint. In effect, it is out of the question to provoke brutally the departure of people who have worked at our side. But many of them have a strong desire to return to their country--a desire that can be fulfilled by means of sufficient aid and the assurance of having the benefit, in their countries of ori-

gin, of the social rights they have acquired in France. In the future, the regulation of immigrant labor will have to take account of these new facts, while dealing separately, of course, with the situation of those who are, in fact integrated into French society. It is certainly true that the return of foreign workers whose families live in France poses more difficult problems than with single workers.

[Question] On what conditions can a decrease in working hours create jobs? Why wasn't Mr Bergeron granted his fifth week off?

[Answer] The experts can reason without taking the realities into account, but a responsible politician may not. Reduction of work time without a corresponding reduction in pay is an illusory gift. Where would the firm find the resources to pay the extra wages? By raising its prices? But then we would be back at square one, for its sales, and therefore its staff, would have to drop. So far, wage-earners have not shown any enthusiasm for a reduction of working hours accompanied by a cut in pay. And I understand this attitude perfectly well. On the other hand, this question implies an important aspect for the future, the management of work time. Many mothers, many young people, would like to have a part-time job. Why condemn them to the dilemma of full-time work as against unemployment? The negotiations on working hours begun 2 years ago undeniably express a new common awareness by the social partners regarding the evolution necessary in the organization of labor. The discussion have made possible advances in thinking on the subject of the complex relationships among productivity, competitiveness, and working hours. It has come out that the economic gains from productivity can be distributed--in a different way, depending on the firms involved--among the development indispensable for competitiveness, reduction of working hours, and development of wages and social charges. The 5th week, in this negotiation, is the counterpart for a different organization of labor permitting an increase in productivity. The discussions between social partners will have to be resumed immediately after the presidential election. The state will lend its aid in order for these discussions to take place between now and Summer 1981. In view of the complexity of the subject, it would seem unrealistic to me for national agreement to be substituted for evaluation by the branches or the enterprises. This is why the national agreement will have to be followed by discussions conducted from branch to branch, enterprise to enterprise, in function of each situation.

[Question] The pacts for employment of young people are coming to an end next year. You propose a training plan to replace them. How can a successful transition be achieved between these two types of measures?

[Answer] The national pacts for employment of young people and the 5-year plan for training of young people express eloquently the priority assigned to employment of the young. But they constitute distinct measures that do not have the same end-purpose. The main objective of the former is to facilitate the entry of young people into occupations. The 5-year plan is aimed mainly at ensuring to all young people coming out of the education system an occupational training that alternates basic training with practical training in a firm. The measures that encourage the firms to hire the young will remain necessary for several years to come. However, past experience has shown that the national pacts for employment were of greater advantage to the young people with qualifications than to those without them. But it is the young people without qualifications who have had the greatest difficulty in getting into an occupation. It will therefore be necessary to give priority to those young people who have the most difficulty getting into an occupation.

[Question] More than 100 billion francs--that is certainly the cost of unemployment in 1981. Including unemployment benefits and lack of tax and Social Security intake. What do you think of these evaluations that emphasize in this way the nation's enormous outlays to finance nonworking?

[Answer] The payment of unemployment benefits as such represents 35 million [as published] francs. This considerable sum, which reflects the strengthening of protection, does not in any way help job-seekers to acquire a new trade. That is why it is necessary to transform unemployment assistance into employment assistance, with, naturally, the agreement of the social partners who run the UNEDIC [National Interoccupational Union for Employment in Industry and Commerce]. This is the reason why the government, immediately after the presidential election, will initiate negotiations with the employers and the trade unions to broaden the field of action established for UNEDIC in 1958. An initial approach will consist in using the benefits paid by UNEDIC to help the unemployed, after a certain period of job-seeking, to acquire new skills. If hired by a firm, they could continue to collect a part of the benefit payment that would have been made to them if they had remained job-seekers. Thus, the firm would have to bear only the cost of a wage and partial social charges. Another approach is to avoid layoffs by permitting firms, for reasons related to the economic situation, to close a shop or establishment temporarily, or to put part or all of their staffs on short-term or medium-term leave without the labor contract's being interrupted. Other kinds of action can be envisioned. For example, temporary aid to facilitate the transition of certain workers from full time to part time when the positions thus made available would be taken by unemployed persons. Or the development of occupational-training action facilitating the reclassification of job-seekers.

11267
CSO: 3100/690

SHIPYARDS FINDING NEW CUSTOMERS IN EUROPE, AFRICA

Paris LE MONDE in French 11 Apr 81 p 34

[Article by Francois Grosrichard: "Shipbuilding--The French Yards Are Trying to Explore Some New Commercial 'Slots'"]

[Text] After several years of depression, because of the formidable competition from Brazil, Japan and South Korea in particular, signs of some recovery are appearing in the shipyards of the Western countries, notably in France. This worldwide revival is evidenced by a certain increase in prices, caused mainly by abundant orders for ships to carry minerals, cereals or special chemical products, and also for passenger ships.

Thus it was recently learned that a Hong Kong shipping company has placed an order for ore-carriers with a big Danish yard that has developed some fuel-efficient propulsion techniques.

France, for its part, is beginning the year 1981 under more encouraging auspices than in 1980. For while it is true that production--that is, effective deliveries by French shipyards--dropped 17 percent in relation to 1979, the new orders garnered last year (580,465 tons) are 25-percent higher than 1979. "This is the first time in 7 years that orders have been bigger than deliveries, and it is indisputable that the situation has improved, even if it is not yet completely solid, especially on the financial level," comments Dominique de Mas Latrie, general manager of the shipbuilders' trade association.

This recovery, accomplished at the cost of considerable personnel reductions (the labor force employed in the six big yards has decreased by 50 percent since 1975). [as published]

--In addition to the massive layoffs at La Ciotat in 1978, the "cleanout" has been accomplished by way of voluntary departures or negotiated early retirements;[1]

--The firms have specialized in sophisticated shipbuilding sectors (passenger ships and car ferries, chemical carriers, methane tankers, offshore equipment, tuna boats

1. The French shipbuilding firms employ some 24,200 wage-earners today, 18,000 of them exclusively in shipbuilding, while the others, within the framework of industrial diversification, work in the fabrication of nuclear calandrias, garbage-incineration plants, escalators, floating factories.

with freezer installations) or new ones (frigates and military oil tankers), which can put them in competition with the nation's naval yards. This military "slot" itself presents a triple advantage: state-of-the-art technology, expanding international market, profitable prices that obviate the need for heavy subsidies from the state budget.

While the big yards' order-books are therefore guaranteed nearly full until 1982, the situation of the small firms (100 to 400 employees) is also a relatively more favorable one. Yet the smaller yards receive, proportionately, far less state aid than do the big groups.

Some varied orders have been confirmed since the beginning of the year: three pusher towboats for the French Navy at La Perriere (Lorient) and a towboat for Morocco, a trawler at Cherbourg, a patrol boat for Cameroon at Villeneuve-la-Garenne (hauts-de-Seine), two cable ships for Le Havre Shops and Yards, and a whole series of ships for oil-platform supply, at the yards of Dieppe, Bordeaux and Cherbourg, for the offshore sector, which has been disturbed for a long time, is again experiencing a revival of orders.

To Patrol the 200-Mile Zone

Furthermore, Jean-Paul Charbonnier, president of Ateliers et Chantiers de la Manche (ACM), which has two establishments--one at Dieppe and one at Saint-Malo--employing a total of 650, gave clear proof, at the Saint-Malo port on 31 March, that the spirit of innovation and commercial dynamism does not belong to the big firms alone. On that day, the Saint-Malo yard launched the towboat "Hinda,"[2] which is going to the People's Republic of the Congo, for the port of Pointe-Noire. Addressing Mme Francoise Nonault, wife of the Congo's ambassador to France and "godmother" of the ship, and Antoine-Laurent Delica, charge d'affaires, Charbonnier declared: "The development and permanence of our firm can be based only on very advanced technologies, including the building of ships from polyester. We think that the model of maritime-assistance ship for patroling the 200-mile zone, equipped with two helicopters, that we have worked out on the basis of simple techniques used for fishing vessels, would be a feasible and inexpensive means of responding to the concerns of many countries, African countries in particular."

Ateliers et Chantiers de la Manche is planning to invest, in 1981 and 1982, 18 million francs to improve productivity, promote innovation and develop research.

As the merchant-marine newspaper correctly writes: "Producing is something that the European--and French--shipyards know how to do perfectly well; and it is also necessary to be in a position to buy and sell under good conditions."

Certain shipyards--big and not so big--are demonstrating that despite a financial situation that is still far from flourishing and a still fluctuating world economic situation, they want to have a place in tomorrow's sectors.

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2. This ship was built without any state aid--a situation that for several months caused a dispute between ACM and the Ministry of Transport.

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CENTRAL P & CHIEF DISCUSSES INFLATIONARY DEVELOPMENTS

Greater Accommodation of Inflation

Reykjavik MORGUNBLADID in Icelandic 8 Apr 81 p 32

[Article: "Dr Johannes Nordal on the Characteristics of the Economic Development During Recent Years: Growing Accommodation of Inflation"]

[Text] "Although the rate of inflation decreased somewhat towards the latter part of last year, the average price increase between the years 1980 and 1979 was still more than the previous year's, or a little over 58 percent. For the third year in a row the national economy was characterized by severe inflation, as well as slow-moving changes that took place in the main real dimensions of the national economy, such as production, balance of trade and national expenditures," said Dr Nordal, director of the Central Bank, in a speech yesterday at the 20th annual meeting of the Central Bank.

In his speech, Dr Nordal traced the development of economic matters during the 20 years that have passed since the founding of the Central Bank, whose by-laws were written in 1961. Nordal said that when looking back over the 20 years, one of the main characteristics of development was the growing accommodation of inflation. On the other hand, one should not lose sight of what had been successful. Despite external shocks, economic growth here in the country had been similar to that of other industrialized countries, along with the fact that the variety and strength of employment activities had increased on the basis of increased competitiveness and duty-free trade. Nordal said it was important that one of the main goals of economic management was always to create normal growth conditions for business, and in that respect the Icelanders should be in a better position than many other nations because of the natural resources that they still have unexploited.

The chairman of the Central Bank's Board of Governors said that in the wake of the oil crisis in 1974, there was a lack of control both in monetary affairs and wage matters. Inflation increased rapidly during this period. The oil crisis along with falling export product prices, suddenly turned the tables in 1974 and 75. Nordal said that moderate wage agreements made during 1975 and

1976, along with better control of public finances, resulted in lowering inflation from 50 percent, which it had reached in 1975, to little over half of that 2 years later. However, this improvement has not continued, as had been hoped, because of insufficient restraint and fluctuations in buying power in 1977. Since then the Icelandic national economy has been undergoing continually increasing and the most consistent inflation burden ever known in the country.

Rapid Inflation Deadlock

Reykjavik MORGUNBLADID in Icelandic 8 Apr 81 pp 16-18

[Article: "Dr Johannes Nordal at the 20th Annual Meeting of the Central Bank of Iceland: The Icelandic National Economy in the Deadlock of Rapid Inflation"]

> [Excerpts] Dr Johannes Nordal, governor of the Central Bank, chairman of the Board of Governors of the Central Bank of Iceland, gave a speech at the annual meeting of the Central Bank yesterday. The speech is printed here in full as follows. This was the 20th annual meeting of the bank which began its operations according to legislation made in 1961.

The annual meeting of the Central Bank was held for two reasons this time: Firstly, at the Board of Directors' meeting held earlier today, the minister of commerce confirmed the bank's statement of accounts for 1980, and secondly, to commemorate that today 20 years have passed since the Central Bank of Iceland began its operations on 29 March 1961 according to legislation. This legislation finalized the separation of the Central Bank and the Landsbanki [National Bank of Iceland] which had operated as a central bank for over 30 years. This is also the 20th annual meeting of the bank since this current legislation was made. As the annual meeting is now being held almost a month earlier than has been customary in recent years, there has not been enough time to finalize the bank's annual report in its regular form. In the interim a special summary booklet from the annual report has been printed, containing the bank's 1980 accounts along with tables of statistical information on the development of economic matters, especially the factors that most concern the operations of the Central Bank, such as monetary affairs and foreign exchange. The chairman of the Board of Directors has already talked about the bank's accounts, but I will, on behalf of the Board of Governors, explain the development of economic matters during last year and discuss some of the problems with which we currently have to contend.

Because of this special phase in the history of the Central Bank, I also want to use the opportunity to view the economic position of Iceland and today's problems in light of the development that has taken place in economic matters and economic management in the country during the past 2 decades. For that purpose, a collection of graphs, showing the development of various important economic dimensions during the past 20 years, has been put together. First let us look at the development last year.

A 150 Percent Increase in Oil Prices From 1978

Many changes have taken place in the economic development of the world during the past year. The reasons for that are primarily to be found in the great increase in oil prices that have taken place since fall in 1978 which have lead to about 150 percent increase on the international market. It has now come to light that considerably more success was reached in preventing general inflation affects of the oil price increases this time than during the years 1974-1975, at least among the industrialized nations; but the affects of the oil price increases have, however, appeared with full force in reduced economic growth and increased imbalance of payments between states. It can be said that there is already a general economic recession both in Europe and North America and that the prospects of a quick recovery are dim, especially in Europe. Therefore, there is reason for assuming that the effects of reduction and sluggish demand will still characterize the development of international trade during this, and even next year.

Severe Inflation Third Year in Row

Icelanders have, of course, not escaped the effects of the changes that have taken place in the development of economic matters in the world recently. Specifically, the oil price increases had great and sudden effects on terms of trade and price development in the country during 1979, but because of connections with the Rotterdam market, the price of oil rose more rapidly and earlier here than in most countries, where the main effects of the price increases did not appear until 1980. Although worsening terms of trade have reduced economic growth in Iceland as elsewhere, compared to what it could have been, export production has increased considerably. This is especially because of the increased cod catch, which has sufficed to maintain the level relatively well, both with regard to balance of payments and the gross national product. The same cannot be said about the development of pricing. Although the rate of inflation has slowed down somewhat, average price increases between the years 1980 and 1979 were still higher than the years before, or a little over 58 percent. For the third year in a row the national economy was characterized by severe inflation along with slow moving changes taking place in all the main real dimensions of the national economy, such as production, the balance of trade and national expenditures.

According to the latest estimates of the National Economic Institute, the GNP for the year 1980 increased by 2.5 percent, which is similar to the year before when the increase was 2.9 percent. The national terms of trade shrank by 3.5 percent during the year, especially because of increasing oil prices, but the year before they had shrunk by 10 percent for that same reason. This shrinkage in terms of trade resulted in a reduction of the nation's real disposable funds, and the reduction in the gross national income was therefore only 1.2 percent, which was however a slight improvement as the year before the gross national income had decreased by almost the same percentage.

Growing Export Production

As mentioned before, growing export production was the main factor in keeping the GNP under control last year and the greatest contribution was the 10 percent increase in the production of marine products. To be sure, the total fish catch decreased somewhat, from 1,645 thousand tons to 1,509 thousand tons, but what tipped the scale was that there was a considerable increase in the more valuable portion of the catch, especially the cod catch, which exceeded the estimates considerably. The prospects now seem much better than considered earlier regarding an increase in demersal catch in the coming years but weighing against that is the continuing decrease of the capelin stock. It is clear, however, that we are still far away from being able to predict the fish catch and the condition of the fish stocks with any accuracy, so it is likely that the warnings of those who urge caution in utilizing the fish stocks are not heeded as well as they should be.

On the other hand, if the expenditures of the national economy are observed it comes to light that they have increased approximately as much as the GNP. But because of the effects of the worsening terms of trade the national expenditures have increased a little over one and a half percent beyond national income. This showed in some increase of the foreign trade deficit, as will be mentioned later.

The increase in the national expenditures, last year can be primarily traced to the fact that investments increased by about 8 percent from the previous year which was mostly the result of an increase in energy projects by almost a third. If the import of aircraft and ships is not taken into account, there was no increase in the investments of industries during the year and the construction of dwellings was reduced by about 5 percent. The total investment amounted to 27.1 percent of the GNP which is a slight increase compared with the 2 previous years.

Private consumption seems to have remained relatively unchanged during the year, but it is estimated that the buying power of disposable income had decreased by about 2 percent, but the year before, private consumption had increased by about 2 percent. There was only a 2 percent increase in public consumption during the year as compared with 3.5 percent increase the previous year, so that the increase in public consumption has more or less gone hand in hand with the development of the GNP during the 2 previous years.

Growing Deficit in Trade Balance

Even though the increase in national expenditures was almost as much as the growth of the GNP for the second year in a row, worsening terms of trade again caused a deficit in the foreign trade balance. According to temporary figures the trade balance deficit increased from 0.8 percent of the GNP in 1979 to 2.4 percent last year. To offset this increased deficit were more export supplies and increased import of ships and aircraft.

The total value of export amounted to 4,460 million kroner last year (I refer to new kroner as everywhere else in this speech), and the value of exports

increased about 16 percent from the year 1979 if the same average rate of exchange is used for both years. The foreign exchange value of exported marine products increased by 16.5 percent during the year, and at the same time there was some increase in supplies. The export of aluminum, however, was somewhat reduced during the year, but there was a considerable increase in the export of ferrosilicone and other industrial commodities, especially wool, hide, and skin products. It is estimated that export pricing has increased by 7 percent on the average during the year compared with firm average rate of exchange, but the quantity of exports has increased about 9 percent from the [illegible]

Less Effects of Oil Price Increases

The value of imported commodities amounted to 4,312 million kroner and the trade balance was favorable by about 148 million kroner. The relative increase in imports amounted to 16 percent compared to a firm exchange rate, but if the import of ships and aircraft is not taken into account, as well as other special imports that increased by 25 percent, the increase of general imports amounted to 15 percent compared to the previous year. General import pricing increased by almost 9 percent in foreign exchange during the year, but one-third of this increase was caused by the fact that the average price of petroleum products became about 18 percent higher than the year before. To offset that increase was, on the other hand, a considerable reduction in petroleum products imports, especially gas oil. The effects of the oil price increases on the balance of trade were therefore considerably less than the year before when the average increase in imported petroleum products amounted to over 90 percent.

As these figures show, there was a reasonable balance in the nation's foreign trade balance during last year, but this is the third year in a row that it has had some surplus. To offset this result comes, on the other hand, the great change that has taken place in the development of the balance of services during the last 2 years. In 1979 for the first time in many years, there was a considerable deficit in the balance of services which amounted to 220 million kroner compared to the average exchange rate last year. This development continued through the year 1980 and temporary figures indicate that the deficit in the balance of services has become twice as large or a little over 460 million kroner. This reduction in the balance of services during the last 2 years is mainly caused by two factors: First, decreasing income from communications, especially flight operations; and greatly growing interest payments on foreign debts.

If all the figures I now have traced on trade of commodities and services are totaled, the results show the trade balance was unfavorable by about 318 million kroner last year, which amounts to about 2.4 percent of the GNP, as mentioned earlier. During the previous year, the balance of trade was, however, unfavorable by almost 90 million kroner calculated at same exchange rate, and that amounts to 0.8 percent of the GNP that year. In this comparison it is not taken into consideration that changes in supplies and increased import of special investment commodities were the main reasons for the reduction in the balance of trade between these 2 years.

The trade balance deficit during 1980 was balanced by the influx of funds from foreign investors. There the long-term foreign borrowings are of the greatest importance. The total investment balance proved to be favorable during the year by about 590 million kroner, which was 770 million kroner beyond the trade balance deficit, and that difference shows in a corresponding increase of net foreign exchange reserve of the banking system.

Half of the Improved Balance Used To Lower Foreign Currency Debts

Close to half of this improved balance of the foreign exchange situation was used to lower foreign currency debts of the Central Bank, especially to the International Monetary Fund, but about 118 million kroner showed in an increase of the Central Bank's foreign exchange reserve. At the end of the year the total foreign exchange reserve amounted to 1.1 million kroner which equals $177 million. Although the Central Bank's foreign exchange reserve has been steadily growing during the past 5 years, it has grown very little or next to nothing relative to general import. When calculated on this basis, the foreign exchange reserve is now only half of what it generally was during 1961-1973. At the end of last year the foreign exchange reserve amounted to about 85 days worth of imports compared with the general average import during the past 12 months, but during 1961-1973, most of the time, the foreign exchange reserve amounted to 140-170 days worth of import calculated in the same manner.

Foreign long-term borrowings amounted to 1,069 million kroner during 1980 but payments of older loans amounted to 376 million kroner. The foreign debt increase therefore amounted to 693 million kroner which was considerably more than the previous year. By the end of the year the total long-t rm debts of the nation amounted to 5,970 million kroner, which amounts to 35.1 percent of the GNP when converted to the average annual rate of exchange. This ratio has been growing during the past 3 years but before was highest in 1975, 34.9 percent. There was also some increase in the foreign debts burden and payments and interest for last year amounted to 14.1 percent of the national income from exported commodities and services. But this ratio has, at least 3 times during the past 20 years, been as high or higher. It has been difficult during recent years to predict the development of the payment burden far into the future, as it is quite dependent upon interest in foreign markets, as well as changes in price and exchange rates. Interest in foreign markets has been unusually high recently and there is reason to assume that the payment burden will get heavier still for that reason, beside the effects of continuing debt increases.

The figures I have now traced about the development of the main real dimensions of the national economy during last year and the external position, both show relatively little changes from the previous year and a fairly acceptable trade balance, especially keeping in mind the worsening effects terms of trade and the increase in energy projects have on the balance of trade. It is definitely noteworthy that this is the third year in a row that is on one hand characterized by unusually great stability in the development of production, national expenditures and balance of trade, and on the other hand, by the greatest and the most persistent inflation Icelanders have ever had to contend with. During

these 3 years there have been two elections and four governments in power, and there have been great conflicts both about economic policy matters and their implementation. Although it is in order to assert that curbing inflation has, at least professedly, been considered the main goal in economic matters by all those governments, very little lasting result is to be noticed to that effect. On the other hand, by taking measures in various other phases of economic matters, the most dangerous effects of inflation have been successfully prevented or reduced, such as in production activities and the balance of the national economy externally. These opposites in the results of economic management can doubtless be explained to a great extent by the fact that [illegible] been unwilling to sacrifice other economic goals, such as high employment rate, protection of the buying power and many public projects, necessary for results in the fight against inflation.

Cut in Buying Power Not Enough To Curb Inflation

This has been shown in wage matters by the fact that the main emphasis has been placed on curbing the alternating increases in prices and wages in various ways, which was launched with the wage agreements in 1977. Various ways have been employed to this effect, such as a direct cut in compensation index, subsidizing commodity prices, tax reductions and social measures instead of wage changes, just to name a few. All this has lead to the fact that the buying power of disposable income, which had taken a great jump during the latter part of 1977, has changed very little since then and that little change served to lower it, as for example last year. On the other hand, measures in these matters have never sufficed to slow down the inflation spiral in order to have any significant effect on curbing inflation.

The matter of the exchange rate is another aspect where the goals, such as maintaining industries and a high employment rate have weighed heavier on the scale with the government than curbing inflation. Rather than risk further reduction in economic activities, devaluation of the krona's exchange rate has been considered inevitable in order to balance the effects of the great domestic cost increases on the competitive position of industries. This is so although it was clear that it would simultaneously promote continuing alternate increases in prices and buying power.

In general, the exchange rate during this period has been sinking at a varying rate and fluctuations in profits from the fishing industry and terms of trade have decided mostly how rapid the sinking exchange rate adjustment has had to be at any given time. Last year the sinking exchange rate adjustment was on the rapid side, and the average exchange rate of foreign currency towards the Icelandic krona rose on the average about 38 percent from the previous year. In this manner it has in general been possible to maintain the competitive position of the exporting and domestic market industries at a reasonable level and to prevent inflation from leading to a serious reduction in the foreign trade balance. At the same time it is indisputable that the goal of curbing inflation has been sacrificed to achieve this result.

If the policy in public finance and monetary affairs during this 3-year period is observed, it can also be said that the goal of this policy has rather been to provide enough constraint in order to ensure a reasonable balance in the national economy under conditions of full employment rather than force the curbing of inflation with strict limitations on increasing monetary supply. During recent years success has been reached within these limits in considerably strengthening various factors in the management of monetary affairs and finance, as I will now briefly mention.

Improved Balance in the Credit Market

There is no doubt that the credit term policy that was formed by economic laws has already promoted improved balance in the credit market as well as promoting increased savings efforts. This was shown in a more favorable ratio between deposit increases and lending by credit institutions than during recent years. The total deposits in banks and savings institutions increased by about 67.5 percent during the year, but the increase of the so-called roof loans, that is loans less the cost of buying them back, amounted to 57.2 percent. The liquid cash position of the banks towards the Central Bank improved therefore considerably during the year. When the credit budget proposal was finalized during the spring of 1980, the aim had of course been towards a considerably lower credit increase, but it was soon clear that the goals that were set there were unrealistic because of considerably more price increases than had been estimated. The main emphasis was therefore placed on the fact that the proposal's goals about the improved position of liquid funds towards the Central Bank be reached, and no formal credit agreement was made this time between the Central Bank and the commercial banks. During the summer the development of the liquid fund position of the commercial banks started to deteriorate, and the commercial banks got into a very difficult position with the Central Bank, especially during August. The reasons for these difficulties lay both in time-limited difficulties the industries were having with payments, including build-up of supplies in the freezing plants and worsening returns among the fishing vessel operators, but to a certain extent it was because of too much general credit. Measures were therefore taken in September to tighten the Central Bank's terms to the credit institutions, and the commercial banks made an agreement on credit limitations. These measures were without a doubt a great factor in the very rapid improvement of the position of liquid funds of the credit institutions during the last quarter of the year.

Deadlock of Rapid Inflation

This summary I now have given on the recent development of economic matters shows clearly the deadlock of rapid inflation that the Icelandic national economy has entered into through the joint action of external powers and economic decisions undertaken by the Icelanders themselves. Although it is amazing that this inflation development has not been accompanied by more fluctuations and imbalance in the national economy in its entirety, there is no doubt that to a great extent this can be attributed to the fact that external conditions have been favorable for Icelanders recently despite the oil price increases. However, the conclusion

may not be drawn that we have been successful in neutralizing inflation. It is on the contrary quite clear that inflation has been accompanied by a strenuous burden which has affected the country's government system, directors of companies and the whole public. But so much has been said about this and other harm caused by inflation, both in this forum and elsewhere, that it should not be necessary to elaborate on that here.

Opening of the Economic System Has Demonstrated Its Value

Many conclusions can be drawn from development during the decade 1960 to 1970. The opening economic system and freer marketing without a doubt showed its value in increased strength and flexibility of industrial activities; and despite the great economic shock that was involved in the collapse of the herring catches and great reduction in production 2 years in a row, the GNP increased on the average by 4.7 percent a year during these 10 years, which amounted to 3.1 percent average per person. The main problem in the development and management of economic matters during this period involved the instability of economic development and the great fluctuations that took place in production and trade balance. It was clear that this problem could be traced to the one-sided nature of the export production and the instability of the fishing industry success had not been reached in doing away entirely with effects of income fluctuations of the exporting industries on the national economy through sufficiently purposeful measures in finance and monetary management. It was attempted to remedy this in two ways.

Firstly, it was decided to continue in this vein, that is to open the economic system and at the same time try to increase the variety of industries, especially export production. The most important steps in this direction were the agreements on Iceland's membership in EFTA in 1970, the Free Trade Agreement with the European Economic Community in 1972 and the beginning of power-intensive industries for export that started with the construction of the aluminum plant which started operating in 1969.

Secondly, a remedy was attempted by establishing the Price Equalization Fund for the fishing industry, the goal of which was to install an income equalization system for the fishing industry, whose role it would be to reduce the effects of fluctuations in the industry's income on other factors of the national economy.

The Rate of Inflation Grew Only Half as Fast From 1975-1977

Despite the operation of the Price Equalizatior Fund for the fishing industry, it did not succeed in curbing the great expansion that accompanied increasing export prices during the years before the oil crises in 1974. There was a lack of restraint both in monetary and wage matters, and inflation soared during this period. The oil crises, along with falling prices of export products, suddenly turned the tables in 1974 to 75, so that more extensive economic measures had to be undertaken, such as great devaluations, in order to restore the position of the industries and the foreign trade balance. Moderate wage agreements that were made in 1975 and 1976 with government participation, along with more restraint of public finance and monetary affairs, especially during 1976, contributed to attaining these results. This result showed itself in greatly improved foreign trade balance, and inflation growth decreased by half between 1975 and 1977.

Development of the Last 20 Years: Growing Accommodation of Inflation

Probably many people agree on this analysis of the problem. It is more difficult to point to solutions and is popular enough to hope for any considerable results. If other nations are observed, parallel economic management problems are staring us in the face, problems that obviously can be traced back to confrontations of interest groups and attempts to reach uncompromising economic goals. The consequences have appeared in the form of inflation, unemployment and trade deficit or even all simultaneously. There is no wonder that this development has been the cause of great debates and doubts about the economic management methods that have been employed during the past 2 decades. Although it is still not foreseeable that these debates will lead to an agreement on ways for remedial measures, not even among scholars, the view is gaining followers that the main conditions for results is to be found in much firmer control on economic decisions, for example within the framework of a definite maximum increase of capital or credit supply. In a small and open economic system, similar restraint would be obtained by a stable exchange rate.

It will not be judged here whether these ways of remedial measures or different ways are more likely to lead Icelandic economic life out of the straits of inflation. Looking back over the last 20 years one main characteristic of the development is the growing accommodation of inflation. On the other hand, we must not lose sight of what has been more successful. Despite external shocks, economic growth in the country has been similar to what it is in other industrialized countries, on the average, along with the fact that the variety and strength of industrial activities has increased on the basis of increased competition and duty-free trade. It is important that one of the main views of the economic management always be to create normal growing conditions for industries, and in that matter Icelanders should be better off than many other nations because of the natural resources that they still have unexploited. In selecting ways to solve the inflation problem, one must not lose sight of the fact that rapid economic growth increases in productivity is one of the main conditions that makes it possible to balance the confrontation of different interests which many consider the main reason for inflation. It seems to me that the conclusion can be drawn from the economic history of the last 20 years, that the Icelanders fared best when they succeeded in threading the golden middle way between safe curbing of expenditures for consumption and investments on one side and encouragement to increased creation of value and economic build-up of industries on the other.

9583
CSO: 3111/33

BRIEFS

IMMIGRATION, EMIGRATION DOWN--Immigration to Sweden decreased strongly during the first quarter of 1981, states the Central Office for Statistics' unit for population statistics in Orebro. Immigration during the period January-March reached 8,600, a reduction of 2,400 from the same period in 1980. Immigration from other Nordic countries went down from 5,700 to 3,800. Also emigration decreased during the first quarter of 1981, which totaled 6,400. The reduction is, however, only 350, compared with that of the previous year. Citizens from the Nordic countries accounted for 1,500 of the emigrants, and of these 2,100 were Swedes. The immigration surplus also decreased dramatically, by almost half. From having been 4,200 in the January-March 1980 period, the figure for the first quarter of 1981 was 2,200. [Text] [Stockholm DAGENS NYHETER in Swedish 29 Apr 81 p 19]

CSO: 3109/172

NEW WAGE, COMPENSATION LEGISLATED

Istanbul TERCUMAN in Turkish 11 Apr 81 p 5

[Text] Ankara--At yesterday's meeting of the Commission To Establish Minimum Wages, a new minimum wage of 333.33 liras per day and 10,000 liras per month was set for those older than 16 years of age. A minimum wage of 223 liras per day and 6,690 liras per month will be applied for those younger than 16. The minimum wage for those in the agricultural sector will be determined on Thursday.

The new minimum wage raises the seniority compensation ceiling, and it sets the lowest salary for state employees at 10,000 liras.

The minimum wage was established at the end of an-almost-3-hour-long meeting of the Commission To Establish Minimum Wages, which convened yesterday and included worker representatives. When the meeting ended at 1730 hours, Minister of Labor Turhan Esener held a press conference to announce the decisions that were reached. He said:

"In accordance with Article 33 of Labor Law No 1475, the commission, which was assigned the function of determining a minimum wage for all types of ship's crewmen and newspapermen who work under service contracts and who are included within this law, held its seventh meeting to date. It was decided that:

"1. Averages based on the level of prices and the number of persons employed would be used as criteria to establish a single minimum wage for the nation.

"2. The minimum wage for a normal day's work for workers 16 years of age and older was set at 333.33 liras or, per month, 10,000 liras.

"3. The minimum wage for a normal day's work for workers under the age of 16 was established at 223 liras or, per month, 6,690 liras.

"The decisions were reached unanimously by worker, employer, and government representatives that were members of the Commission To Establish Minimum Wages."

Opposition Statements

According to information that was received, worker representatives again insisted that the dependence figure for setting the minimum wage be 1.9 percent. However, following discussion, 1 percent was agreed upon. Turk-Is [Turkish Confederation of Labor] representatives led by Kaya Ozdemir made the opposition statement regarding this decision.

Employers, on the other hand, wanted a minimum wage for those workers who have been ensured social rights through collective-bargaining agreements to be established separately from that of workers who have not been ensured social rights. After debate, this request of the employers' group failed to gain acceptance. As a result, the employers gave up their wish to take social rights into consideration when setting the minimum wage and gave the commission's opposition commentary on this subject.

It was noted that both opposition statements spoke of the need to work on the establishment of a minimum wage and said a system should be utilized to do so. Despite the opposition commentaries, the minimum wage was accepted unanimously.

Seniority Compensation To Increase

With the raising of the minimum wage, the annual amounts upon which seniority compensation is based will also increase. Under the law, the annual amount of seniority compensation cannot exceed 7.5 times the 30-day total of the minimum wage. This limit, which, under the former minimum wage, was 40,500 liras, has risen to 75,000 liras with the new minimum wage. Accordingly, the ceiling for seniority compensation has also increased from 972,000 liras to 1.8 million liras.

Civil Servants' Monthly Salaries

The new minimum wage will have an effect on the financial situation of civil servants. The lowest monthly salary, currently 7,500 liras, will be raised to 10,000 liras.

Article 146 of State Personnel Law No 657 states that a state employee's monthly salary cannot be lower than the minimum wage. If it does fall under the minimum wage, the difference will be paid to the civil servant in the form of "compensation." For this reason, state employees whose salaries are below that of the minimum wage, which has been set at 10,000 liras, have been ensured an increase in their monthly wages. This raise, however, will not be able to have an effect on their special rights.

The Commission To Establish Minimum Wages will determine a minimum wage for the agricultural sector at a meeting to be held on Thursday.

11673
CSO: 4907/242

FINNISH, DANISH PREMIERS DISCUSS NUCLEAR-FREE ZONE ISSUE

LD271429 Helsinki HUFVUDSTADSBLADET in Swedish 14 Apr 81 p 22

[Unattributed report: "Anker Joergensen: Nordic Countries Nuclear-Free. Larger Zone Necessary"]

[Excerpts] Danish Prime Minister Anker Joergensen no longer wants to discuss the question of a nuclear-free zone in the Nordic countries. The Nordic countries are already a nuclear-free zone, in the Danish view.

"What we do want to talk about is how this existing zone could be extended to include other European countries, both Eastern and Western."

The visiting Danish prime minister outlined his views on the controversial nuclear-free zone after his talks with Finnish Prime Minister Mauno Koivisto on Monday afternoon [13 April].

As is well known, Finland has been the main advocate of the zone, while Denmark, together with Norway in particular, has taken a different view of the necessity of protecting the Nordic countries from nuclear arms by a treaty.

The positions were unchanged when the two prime ministers yesterday discussed the matter, but afterwards Joergensen was able to note a common denominator. He said that both parties were agreed that more countries should be included in a possible future nuclear-free zone.

But Denmark has a more reserved attitude to the discussion of a nuclear-free zone. Joergensen made this clear yesterday. He also showed a disinclination to enshrine in a treaty the Danish view that the Nordic countries already in practice are a nuclear-free zone.

"It is not a question of formalities but of realities," Joergensen said. "The Nordic states are nuclear-free and this is a fact which can be used as a starting point in the discussions on extending the zone both eastward and westward."

Joergensen did not want to be more precise about which states or areas he would like to see included in possible future negotiations, but Denmark has let it be known in the past that the Baltic area and the Baltic states should be included in a future nuclear-free zone.

The talks between Joergensen and Koivisto also dealt with the situation in Poland. According to the Danish prime minister, both sides were worried that developments there could lead to disturbances in East-West relations.

Prime Minister Koivisto was for his part unwilling to say much about what had been discussed. He merely declared that there are no problems in relations between the two states.

A central theme during the visit will be trade between Finland and Denmark. Koivisto said yesterday that he hoped that it will be possible to find active ways of increasing trade between the two countries, instead of merely demolishing the obstacles to it, as has been the case up to now.

Among the economic questions which will now be discussed are Danish-Finnish cooperation projects in third countries.

CSO: 3109/164

MOVE TO EARLY RENEWAL OF USSR PACT TIED TO PRESIDENT RACE

Helsinki SUOMEN KUVALEHTI in Finnish 27 Mar 81 pp 66,67

[Article by Mikko Pohtola]

> [Text] The president's foreign policy is still tenable. The fact that Aimo Pajunen, through his initiative, was scorned has been interpreted abroad as an action that strengthens the credibility of our neutrality politics.
>
> The interpretation of the YYA [Friendship - Collaboration - Support] Pact, which is included in the recent report of the parliamentary defense committee, seems to be mere hair-splitting, but it actually is hiding a disagreement regarding the foundation of our country's security policies. The question is how, when and in what situation Finland should ask the Soviet Union for military aid.

In the attempt to change the foreign policy into a new direction it is necessary to defame those who support the Kekkonen tradition. There seems to be an abundance of people who want to get involved.

Presidents J K Paasikivi and Urho Kekkonen have logically emphasized that Finland's defense matters should primarily be handled by the Finnish people themselves. This is also stated in the first article of the YYA Pact. According to the pact, help should be separately agreed upon each time. At the risk of being repetitious, it is necessary to repeat the old matters. When the YYA Pact was handled in the parliament in April 1948 the Committee for Constitutional Law chose an interpretation according to which "if negotiations are entered into in a manner stipulated in the agreement, and it is hereby agreed that certain actions be taken, agreements made in the stipulated order should be considered as independent agreements with regard to the cooperation of the parliament according to the Constitutional Law." Paasikivi expressed this matter in his own way: "We defend the inviolability of our area as much as we are able to and in case we need help we will get such help from the Soviet Union."

Kekkonen, on the other hand, has stated: "The condition for giving help is that the attack described in the Pact has taken place."

It is hardly remembered anymore that the president of the republic sent a rather harsh letter in January 1969 to the then commander of the Armed Forces, Yrjo Keinonen, who had given an interview regarding the YYA Pact in the LALLILEHTI which is published

in autumn. In this interview Keinonen stated that Finland needs to have a minimal level of defense ability which would give time for the negotiations stipulated in the YYA Pact. Kekkonen scorned him publicly and wrote that Keinonen's statement gives the impression that Finland's defense system is associated with the defense system of the Soviet Union and that our country's defense policy is based on military aid from the Soviet Union. Kekkonen continued:

"The fact is, however, that the task of Finland's defense system is t defend the country in an independent way."

Kekkonen remarked to Keinonen that the interpretation of the YYA Pact is a very sensitive issue wherein the expertise of the Ministry of Foreign Affairs should be used. He wished that "whenever concepts or nuances, which differ from the usual in what has been dealt with earlier, occur in the defense matters," such matters should be discussed with the Ministry of Foreign Affairs.

The Defense Committee's Own Interpretations

The parliamentary defense committee does not, however, seem to be taking advantage of the expertise of the Ministry of Foreign Affairs, in this case represented by undersecretary of state Keijo Korhonen. He expressed careful reservation regarding the views of Paasikivi and Kekkonen, according to whom Finland's defense is primarily a matter of its own defense system, and that requests for help would come into play only after an attack has taken place and it is clear that Finland's resources are not sufficient.

The leftists of the committee--Jorma Hentila of the People's Democratic League of Finland and Matti Viialainen, representative of the Taistoites [Stalinists], as well as Raimo Vayrynen of the Social Democratic Party--did, however, emphasize their own line, according to which help could be accepted already at a point when it is found that Finnish territory is threatened. The leftists thus seem to seek a situation wherein the Finnish defense system would be a lateral associate of the Soviet Union's defense system.

The leftists have several motives. The Social Democrates' incentive is obviously a wish to cut down our defense expenses. The Taistoites, on the other hand, are known to try to break down Finland's neutrality politics and to try to ally our country with the Soviet Union. Viialainen, a Taistoism member of the defense committee, does indeed write in his statement as a supplement to the report: "It was significant that it would be possible to also adapt the military articles of the YYA Pact already when an attack would threaten." According to him one should plan military cooperation between Finland and the Soviet Union beforehand. According to the Kekkonen-Paasikivi policy Finland should, however, try to avoid possible difficulties. Such a strategy cannot be realized if Soviet military aid is received at the beginning of a war or when a war is only threatening. Thus the Finnish region would immediately in the beginning of a war become the focus of the enemy's war activities, maybe of a nuclear attack. Our chances to stay out of the war would shrink to non-existence.

A Wish to Change the Tradition

While Keijo Korhonen has now become the focus of a virtual battle, there seem to be other factors in the background apart from the conflicts regarding the defense committee's interpretations. Leftist democrat, assistant mayor Erkki Tuomioja points to these in the latest issue of YDINLEHTI in an article written by him in which he calls Tamminiemi "a mere side-scene."

According to Tuomioja, for the last few years Kekkonen has not been a force directing what has happened in the country. Therefore we are already "in some sense in a post-Kekkonen time-period." A shift is undeniably approaching and a change will take place at the same time, according to Tuomioja. "There is a quiet struggle about what the change is going to be like and the direction."

A cohort that wants to get involved has joined this struggle. Innocently smelling like roses, he asks who is fishy. Not only is the president game involved, that is the game about president Kekkonen's successor, but also and above all, about the foreign policy that will be the successor's heritage.

When efforts are made to turn the policy in a new direction the supporters of the Kekkonen tradition first have to be blackened. Keijo Korhonen is the first of these.

The second one is Max Jakobson who is now the focus of a growing campaign. About his book "A Line Drawn in the Water" Jouko Tyyri writes in the latest issue of the Kanava journal that it is intended to strengthen the continuity of the Paasikivi-Kekkonen policy.

"Whoever will be Kekkonen's successor will be a credible supporter of the policy. We will have to give him such credibility. The goal is to keep a neutral position and to strengthen the reputation that the policy has enjoyed."

The matters considered positive by Tyyri are considered a great danger by the Taistoite paper TIEDONANTAJA. The paper had been declaring loudly week after week that the Kekkonen policy as it is expressed in the Jakobson book does not have to be accepted as the correct one. The dispute has become somewhat hysterical and it is reflected in other areas.

First the Taistoites were supported by the Ministry of Foreign Affairs official Juhani Suomi. Thereafter they got the Soviet Communist Party organ Pravda moving. Pravda claims that Jakobson's book aims to free Finland from its pacts. That claim is, however, so obviously exaggerated that not even Eino S. Repo, who belongs to the folk democrats, could agree with it in his television speech.

The fight about Kekkonen's policy will certainly continue and become more intense. There is excitement about whether or not Kekkonen is going to interfere.

The Aino Pajunen case indicated that Tuomioja's idea about Tamminiemi as a mere side-scene is thoughtless. The scorning of the general was, as far as is known, done upon the president's order. Pajunen did indeed afterwards get a lot of sympathy but the foreign policy significance of the incident was noted abroad. The authoritative Swiss paper NEUE ZURCHER ZEITUNG wrote that it strengthened the credibility of the netrality politics of Finland. Kekkonen had again showed his claws.

9662
CSO: 3107/72

BRIEFS

CP ACTION DIVIDES SKDL--The decision made by the SKP (the Communist Party of Finland) last Wednesday to change ministers upset the parent organization SKDL [People's Democratic League of Finland] to the extent that it began to present its member organizations with written complaints about the matter. The one who, on Thursday, expressed himself most strongly in the matter in the work committe of the SKDL union board was the chairman of the union council, Kalevi Kilpi. The bill of complaint presented by Leila Rasanen of SKP was voted down in the work committee 10 to 5. Kilpi said on Thursday night that he was mostly annoyed by the way the political committee of the SKP made their decision public without first informing the SKDL. According to normal procedures the decision about change of ministers is made in the SKDL by the SKP, the union board of the SKDL and the Riksdag group together. SKP's secretary general Arvo Aalto was replaced with Jouko Fijanoja in agreement with SKP's proposal. As far as is known the reason for this was to make it possible for the SKP to tighten its grip on the government. [Text] [Helsinki UUSI SUOMI in Finnish 20 Mar 81 p 1] 9662

CSO:3107/72

FOREIGN MINISTER PESSIMISTIC COALITION CAN SOLVE AIRPORT ISSUE

Reykjavik MORGUNP'ADID in Icelandic 11 Apr 81 p 3

[Article: "The Terminal Issue: An Agreement Will Not be Reached by This Government--is Olafur Johannesson's Conclusion"]

> [Text] "I don't argue with the referee. The results in this case are here and nothing can be done about it," said Olafur Johannesson, foreign minister, when MORGUNBLADID asked him about his reactions to the results of the voting in the Lower House of the Althing, yesterday, about Larus Jonsson's and Karl Steinar Gudnason's amendment proposal to the credit budget bill authorizing a 5 million kroner loan for initial construction of the terminal at Keflavik Airport. The bill was defeated on even votes.

"Well, I can take it," said Johannesson when he was asked how he liked the situation after the voting, where the prime minister had joined forces with the People's Alliance and voted against the foreign minister, as did other Progressives in the Lower House.

Johannesson said he did not want to comment on the position of the Progressives in the Lower House who went against their old chairman, but he referred to what they said when they accounted for their votes. When Johannesson was asked whether the terminal at Keflavik Airport was out of the picture in light of the voting, he said we had to wait and see as the matter had to be treated in the Lower House. Johannesson said, however, that he had no idea whether the matter would be taken up there.

"No. I have not planned to do that," said Johannesson when he was asked whether he would resign in light of the opposition that now prevails within the government and even within the Progressive Party.

"I don't think that I am in a bad situation within the Progressive Party. The agreement of the central committee meeting on the terminal issue remains," said Johannesson. "I will probably get their support. They are working on the matter on the basis of the central committee meeting agreement. There were, however, no time limits put on that."

Johannesson said that it might be concluded that an agreement on the terminal issue would not be reached in this government based on the categorical statements Ragnar Arnalds, minister of finance, had made during the debates on the authorization proposal. Johannesson said that it was agreed upon in the government manifesto that one minister could stop the terminal project at Keflavik Airport.

9583
CSO: 3111/34

PRIME MINISTER DEFENDS PROPOSAL TO BUILD TERMINAL

Reykjavik MORGUNBLADID in Icelandic 11 Apr 81 p 3

[Article: "Dr Gunnar Thoroddsen, Prime Minister: 'Of Course A Terminal Will be Built at Keflavik Airport'"]

[Text] /"Of course a terminal will be built at Keflavik Airport before long. This matter has been in the making for many years, so it makes no difference whether it is begun one year sooner or one year later," said Dr Gunnar Thoroddsen, prime minister, when he was asked yesterday whether the terminal at Keflavik Airport was out of the picture in light of the voting results in the Lower House of the Althing.

The prime minister was asked if no cracks had appeared in the government coalition, as he himself had joined forces with the People's Alliance and voted against his foreign minister. The prime minister then asked the reporter what kind of questions these were and if he intended to pose any more questions in this vein.

Prime Minister Thoroddsen was then asked whether the terminal building was not out of the picture while this government was in power, based on the statements that had been made during the debates on Larus Jonsson's and Karl Steinar Gudnason's amendment proposal. Thoroddsen said no to that, and said that he expected that everybody agreed that it was necessary to build a new terminal before long.

Finally, Thoroddsen was asked whether the position taken by Olafur Johannesson, foreign minister, was conceivably a violation of the government manifesto. Thoroddsen said that the foreign minister had stated clearly that the provisions of the government manifesto stating that the construction of the terminal building would not be started unless all government members agree would remain

9583
CSO: 3111/34

OPPOSITION LEADER HALLGRIMSSON VIEWS POSSIBILITIES OF NEW GOVERNMENT

Reykjavik MORGUNBLADID in Icelandic 11 Apr 81 p 48

[Article: "Geir Hallgrimsson: All Conditions For Forming New Government"]

> [Text] "I think that even though the People's Alliance left the government all conditions exist to form a new government," said Geir Hallgrimsson, chairman of the Independence Party, when MORGUNBLADID asked his opinion on the statement made by Albert Gudmundsson, in MORGUNBLADID yesterday, on the treatment of the Keflavik Airport terminal issue in the Althing, but Gudmundsson said he did not think a new government would be on hand if this present government resigned.

Hallgrimsson said that he was certain that the proposal for a loan authorization for the terminal construction would be delivered in the Lower House on Monday in continuation of the proposal delivered by Larus Jonsson and Karl Steinar Gudnason in the Upper House. He said further: "In our opinion it is necessary to begin work on the project this year."

If the project is not to be jeopardized, work on it must be well on its way before 1 Oct 82. If it becomes necessary to await adoption of the investment and credit budget for 1982 and it will be as late as now seems likely, we are taking chances. Besides, there is an urgent need for a new terminal to be put into operation as soon as possible. The facility in the current terminal is unsatisfactory, both for passengers and staff, and a new terminal is therefore the means for separating the defense force activities and civilian traffic at the airport."

"Do you think it likely that the amendment will be passed in the Lower House?"

"I don't want to predict anything about that but if people are true to themselves, the proposal should be passed with an overwhelming majority of votes."

Hallgrimsson concluded: "I think it is imperative that the opinion of the majority of the Althing come forth in this matter. It is intolerable that the People's Alliance be in charge of this significant issue. In order to keep its self-respect the majority in the Althing cannot let the derogatory words of Ragnar Arnalds about the validity of voting by handraising stand in its way."

9583
CSO: 3111/34

PAPER COMMENTS ON GOVERNMENT CRISIS OVER AIRPORT PLAN

Reykjavik MORGUNBLADID 11 Apr 81 p 24

[Editorial: "Strange Democracy"]

[Text] Foreign Minister Olafur Johannesson said in a radio interview Thursday evening that it was a strange democracy where a minority of 11 people should dictate to a group of 60. This is how matters stand in the Althing. A communist parliamentary group of 11 seems to have its way, no matter what. It is peculiar to hear the views aired, quite seriously as it seems, that only by giving in to the minority, and thereby the Communists' veto power, will it be possible to ensure an effective government in the country. Of course, these views only apply to those who do not want anything but cooperation with the Communists. If, on the other hand, the factual position is observed, there is nothing special obstructing the three democratic parties, the Independence Party, the Social Democratic Party and the Progressive Party, from uniting to form a government and a far-sighted policy for progress. The reactionary views of the People's Alliance must be firmly rejected. That will not be possible while the present government is in power and the government supporters are playing cat and mouse.

Johannesson said in a parliamentary speech on Wednesday: "I recognize, of course, that it states in the constitution that members of parliament are now solely bound by their conviction. On the other hand, it states nothing to the effect that they are to follow orders from the Honorable Member of Parliament Olafur Ragnar Grimsson, and whatever others do in that regard, I will not follow his orders." By these words, the foreign minister himself doubtless refers to those who at the time spoke the most about having to break the party ties because of their conviction and respect for the Althing and form the present government. In Johannesson's judgement, they now abandon their conviction and subject themselves to the will of Grimsson when they vote against the loan authorization for a new terminal at the Keflavik Airport. Never before has any foreign minister in Iceland in such a manner attacked his prime minister, who sat through the attack without even explaining his position in any other way than casting his vote to the will of Grimsson.

9583
CSO: 3111/34

MARXIST PARTY SUFFERS SETBACK IN UNIVERSITY ELECTION

Reykjavik MORGUNBLADID in Icelandic 11 Apr 81 p 7

[Commentary by Staksteinar. "Threats"]

[Excerpts] An agreement has been reached about forming a majority in the University of Iceland Students' Council between the Reformists and the Vaka people, thereby ending the long reign of the Marxists. Defeating them has not been without a struggle, and it is obvious that they and their emissaries employed every possible means to prevent the formation of the new majority. Yesterday, TIMINN published an interview with Stefan Matthiasson who was number one on the Reformist ticket. In this interview Matthiasson confirms a news release in TIMINN the day before to the effect that the People's Alliance had tried to upset discussions between the Reformists and Vaka by threatening to cut off funds for various projects for the students supported by the government, if an agreement would be reached between these parties in forming a new majority.

Matthiasson says in TIMINN: "Ragnar Arnason, chairman of the board of the University Students' Center, came to my house to initiate very definite hints to this effect, and he said that it was his personal opinion that all work on the nursery project and the Gardur dormitories would be delayed by at least one year if Vaka and the Reformists would begin cooperating." Matthiasson added further: "I also want to say that I am very surprised and almost shocked how Arnason as a representative of his party is abusing his position by giving certain hints and signals sub rosa about what can happen if our cooperation should come about."

For the readers information it should be mentioned that before Christmas Arnason was called upon as a special adviser on economic affairs to the Minister of Finance Ragnar Arnalds, and he is one of those who stands close to the People's Alliance supply of favors within the government system. His words with Matthiasson also indicate that they were not spoken by a man who has the interests of students at heart but by a man who is the agent for the veto powers in Iceland, the People's Alliance.

In TIMINN yesterday Arnason denies the news story published the day before yesterday about his interference in the majority formation of the Students' Council. TIMINN said, on the other hand, that it stood by its report and published the interview with Matthiasson to confirm it.
9583
CSO: 3111/34

POSITION OF CDA DISSIDENTS, PARTY LEADERSHIP

Amsterdam ELSEVIERS MAGAZINE in Dutch 18 Apr 81 pp 14-17

[Article by René de Bok]

> [Text] Christian Democratic politics is familiar with loyalists and dissidents. Familar with moderate distrust of the course pursued by the CDA [Christian Democratic Appeal]-VVD [People's Party for Freedom and Democracy] cabinet. What is new is the self-denial of certain CDA ministers. Albeda, minister of social affairs, and his colleague De Koning, minister of development aid, make no secret of their preference for a Roman-Red coalition. The proof of the pudding is in the eating of it.

In the final days of the Van Agt cabinet the first attempts to save the threatened life in politics are acquiring a revealing character. Fine formulations were the façade from behind which ambition reared its restless head. In an interview with the newspaper TROUW, Dr W. Albeda, minister of social affairs, presented his preference for a new cabinet of CDA, PvdA [Labor Party], and D'66 [Democrats '66]. Motive? It was necessary to broaden the base of the cabinet to give the CDA parliamentary group more room to define its position. The dissidents, in his opinion, had been given too little chance to convert their vision into political measures. With his pronouncements Albeda rode right through the pretty show window of Christian Democratic strategy.

In its campaign platform the CDA strove for a coalition on as broad a base as possible, without citing chapter and verse in advance. The PvdA, in any case, is not mentioned as a prospective bedfellow. The option of a coalition of CDA, VVD, and D'66 was left intact as a theoretical possibility. But the minister of social affairs went a step further in courting them. He warned the PvdA not to repeat the mistakes of the previous cabinet formation. Albeda warned the socialists against the fatal consequences of the arrogance of power. Albeda could surmise that his words would deeply wound Prime Minister Van Agt in particular.

In that light the report that De Koning, minister without portfolio for development aid, was going around pushing similar ideas did not exactly have a soothing effect. Although verbally De Koning set himself apart from Albeda's dissident note, his relativizing grumbling was nothing more than an argument before the court. In a speech at Drachten, the former loyalist De Koning declared that

Albeda had spoken a little hastily. He did have a fitting explanation for that, and pointed out that the present government coalition has to work with a very narrow majority of two votes. That small supporting surface, he said, gave extra weight to every government decision. De Koning said: "I think that is why Albeda said what he did. But he spoke too soon. Albeda too readily took the view that broadening the base is desirable; something like an agreement on programs is also needed, and that is at least as important." The intention of De Koning's marginal note is clear as daylight. He does not attack Albeda on the content of his message, but on the timing of it and on its strategic disadvantages.

A silent partner in the dissident club within the Van Agt cabinet is Job de Ruiter, the minister of justice. De Ruiter is not allowing himself to be led into giving out signals of preference at this critical time, but his sympathy for a Roman-Red coalition is well known.

It can easily be deduced from all this that within the CDA there is a qualitatively strong movement under way that is purposefully aimed at a future CDA-PvdA-D'66 coalition. Such a deduction neglects developments that dominate the CDA at the beginning of the 1980's. The first movement consists in a continuous process of crystallizing out, a tendence toward radicalization, which began in the second half of the 1960's and resulted in the establishment of the PPR [Political Party of Radicals]. A second separatist movement went through an incubation period of about 10 years before its leaders acknowledged that the most important basis for political cooperation in the quicksand of the great unity party, the CDA, had disappeared.

The second round of radicalization was largely led by the ethicist of politics, Prof Bob Goudzwaard. At first the Goudzwaard group gave the impression of continuing to try to follow in the tracks of the CDA caravan and disseminate a policy based on the Gospels. But within the working group "Not by Bread Alone" the differences of opinion between the political leadership and the critical rank and file turned out to be too great to form a common front against the non-denominational political environment. The formation of the Protestant People's Party EVP is the result of a new eruption in the radical crystallizing out process within the CDA.

One is justfied in questioning whether the radical splitting off has come to an end with the departure of the Goudzwaard group. There are signs that the process has not come to a complete standstill, although the phenomenon of loyalism or dissidentism within the CDA does seem for the time being to have sailed into calmer waters. The channelization of the critical rank and file has become a fact in the current institution of the progressive CDA working group CDB, Christian Democratic Consultation.

Although the working group expressed itself late last month against a continuation of the government coalition with the Liberals [i.e., VVD], Hans de Boer, vice chairman of the CDA, made it clear that the dissidents would remain loyal to the party and the standard-bearer until the elections--as the elections approached the fronts had to be united, no matter how great differences there might be on details of opinion.

The progressive CDA working group is supported by the authority of 10 loyalist members of the Second Chamber. Experience has taught the Van Agt cabinet that

at moments of decision the critics are unable to transform their negative attitude into negative votes. The way in which the CDA has diverted the objections of critical members of the chamber to the campaign platform into quieter paths has placed a second support under the philosophy that dissidentism in the CDA has been put in retirement. Ten sitting members of the Second Chamber had conscientious objections, gravamina, against the nuclear weapons plank in the CDA campaign platform. The CDA central committee had the ineffable kindness to recognize three of these conscientious objections, those of Hans de Boer, Jan Nico Scholten, and Sytze Faber. The other seven objections, those of Van Houwelingen, Couprie, De Kwaadsteniet, Dijkman, Beinema, Buikema, and Borgman, were not officially recognized; they did get to hear that their reservation against the nuclear weapons plank had been duly noted. The CDA central committee thus tacitly made it known that it would then proceed with the order of business.

The conclusion is obvious: a group that regards itself as critical judges of the CDA's backing and filling is reduced to a meaningless factor when it allows itself to be sat on in this way by a party central committee. The establishment of this fact leads logically to the further conclusion that the CDA is ripe for a course of development inclined toward conservatism. That would be the case even if a completely opposite psychological mechanism had not come into play within the CDA since the middle of the 1970's. A form of progressivism that was observable at first only in the ARP [Antirevolutionary Party], but that, as the cooperation within the CDA took shape, spread over a large part of the Christian Democratic rank and file.

The campaign platform "Not by Bread Alone" that Goudzwaard wrote 4 years ago was not based on personal thoughts of a radical ideologist, but rested on a broad sympathizing element in the CDA. The platform with which standard-bearer Van Agt is trying to control the elections of 26 May is crammed with thoughts and observations that only a decade ago would have been characterized as revolutionary heresy. The plank on development aid seems an unvarnished progressive stand. But the impression of progressiveness is wiped out by the nuclear weapons plank, in which the CDA again juggles as of old with possibilities, assumptions, options, and mere seeming solutions.

As they approached the elections, CDA chairmen went to great lengths to profile the CDA as a political party that is "neither right nor left." That they, and especially Piet Bukman, the present chairman of the CDA, hit the truth exactly in so doing is perhaps not so clear in the minds of that same CDA top echelon. But an inventory of the CDA as of 1981 leaves no room for any other conclusion than that the fusion of progressive elements of the former ARP and conservative forces from the former KVP [Catholic People's Party] and CHU [Christian Historical Union] has created an opaque political preparation, in which the striving for political power forms the only binding element.

In the preliminaries to the fusion of the denominational parties, Prof Piet Steenkamp, former chairman of the CDA, was not too much concerned about the dissidents' yelping: "The dogs bark, but the caravan moves on." Up to a certain point he turned out to be right. The biting dogs left the caravan; the barking dogs, who are to be found today in the Christian Democratic Consultation, rarely if ever bite. But it cannot have escaped Steenkamp's notice that the course of the caravan deviates somewhat from the original itinerary.

Today that course runs in the direction of a visionless, almost monolithic opportunism, in which any form of Gospel inspiration appears to have been lost. Clarity is replaced by obscure maneuvering, the folklorish nuclear pacifism of Hans de Boer and his followers watered down to a kind of false tolerance, while political credibility has given way to an aimless flexibility: with a good nine on the pliability scale, CDA Chairman Bukman shows his zeal in his attempts to give form in flowery language to the CDA's sole exhibition rights in the field of conscience in politics. But he gets no further than plays on words: "What counts in politics is not simply being yourself (VVD), but being there for others. It is not a matter of opposition work (PvdA), but of more work [i.e., jobs]; it is not *per se* a different policy, but a constructive policy; not the oppositional state, but the constitutional state; not polarization, but collective responsibility."

Has anybody ever had a needle, a dig, or a scolding from Bukman? All shouts and no substance. What does it mean for the coming negotiations on formation of a cabinet? What do the CDA chairmen's expressions of adherence to standard-bearer Van Agt's address mean in hard practical terms?

Within the CDA little value is attached to them. Van Agt and his like-minded followers do not dare say so, but what they would like best would be to continue the present coalition with the VVD. Today that position is practically unsalable in the CDA. Although Van Agt has done all he could to put the dissident candidates out of the game in making up the list of candidates for parliament, every attempt to do so has been nipped in the bud; every memo, suggestion, or note in that direction has wound up in the wastebasket. If the CDA is outstripped by the PvdA in the elections, the end of Van Agt's political career is near.

Den Uyl has hinted that after the elections he will plead for the appointment of an *informateur* [advisor to the queen on the formation of a cabinet]. In the CDA nobody doubts that Den Uyl has Ruppert, the former chairman of the Council of State, in mind for that post. With Ruppert as informateur Den Uyl lives on the assumption that the cabinet formation will be effected according to his wishes. Van Agt's personal advisors have urged the prime minister to fight tooth and nail after the elections against the appointment of Ruppert as informateur.

But even if the CDA comes out of the May elections as winner, Van Agt's political future is by no means secure. Against the background of the great differences of program between the CDA and the PvdA, especially in the field of international security, a direct confrontation between Van Agt and Den Uyl will bring out the conflicts more sharply than ever. It is precisely in that situation that the consequences of CDA opportunism will make themselves felt to the fullest. In the something-for-everybody strategy, which can easily be translated into a doctrine of "Everything is possible, even the impossible," Van Agt, too, stands out clearly. Last week he was still passionately applauded at the campaign congress in the Utrecht industrial fair building, even by the dissident Jan Nico Scholten; tomorrow he may be the victim of a change-ringing. The top leadership of the CDA is taking account of the possibility that at a certain point in the cabinet formation Van Agt may become concerned with saving face and thus open the way for a prime ministership for Joop den Uyl. When Van Agt no longer feels the climate favorable, he will coolly inform the CDA that he "no longer wishes to push himself forward." At such a critical moment Lubbers will stand aside. Presumably he is no longer acceptable in the party as chairman of the Second Chamber delegation,

but is waiting out the chances of being shifted, on Den Uyl's initiative, to the position of minister of finance.

Within the CDA little weight is attached right now to Joop den Uyl's kowtow on the KRO [Catholic Broadcasting Association] TV program "Brandpunt" [Focus], when the PvdA standard-bearer said he would be "quite willing to take a post in a Van Agt cabinet." Den Uyl's statement is generally characterized as a public relations gimmick; 6 months ago it would have been taken seriously, but not now. The condition that Den Uyl attached to his move in Van Agt's direction gives little hope to the utopians that like to believe in a Van Agt-Den Uyl cabinet. "Provided a quite different policy is followed," Den Uyl said. In CDA circles that is interpreted as follows: Den Uyl is quite willing to take a job in Van Agt's shoe store, provided only cereals are sold there.

The dwindling legion in the CDA that will stand firm under difficult circumstances for keeping Dries van Agt as candidate for prime minister in the second round still sees some relief if the VVD succeeds in pulling out of its slump.

In case the VVD holds its own or makes a small gain, then in the problematical cabinet formation negotiations with PvdA and D'66 the CDA will have the VVD in the background as a tactical and strategic weapon. Hans Wiegel, the VVD standard-bearer, has left no doubt about the Liberal [i.e., VVD] view of the dissidents in the Van Agt cabinet. Although he chose to clothe his criticism in a rhetorical garb: "What was Albeda's motivation? Was it political masochism, shame for his own conduct, or a stab in the back of his colleagues?" In the CDA nobody wants to use either the blunt ax nor the rapier of criticism. Surrounded by patches of mist, the Christian Democrats are setting their course toward the May elections. The dissidents are completely out of sight in the cloudy CDA vision.

8815
CSO: 3105/134

LABOR PARTY CONGRESS ELECTS NEW GENERATION TO LEADERSHIP

TF Critic Named Vice-Chairman

Oslo ARBEIDERBLADET in Norwegian 6 Apr 81 p 11

> [Text] The new vice-chairman of the Labor Party, Einar Forde, the 38 year-old minister of education and ecclesiastical affairs, informs ARBEIDERBLADET that, as a member of the new party leadership, he wants to give priority to two tasks. These are namely the external job directed to the entire Norwegian people in the next months, and its organizational aspect.

He also makes it clear that he is not currently considering leaving the cabinet before the election even if he has become vice-chairman.

Einar Forde says that he must admit that he has a professional background which is often raised as an objection in connection with his new position.

Consequently, he wants to devote attention to his relations with the trade union movement. He looks at it as largely a question of contact and confidence, and he says that his study and understanding of the views of the trade union movement does not suggest a single, rigid line [as published].

[Question]: "Do you think that your selection will put foreign policy more in the forefront in the election?"

[Answer]: "I would like to say that foreign policy is the biggest problem, with expectations that I shall replace to a degree what Reiulf Steen represented.

"I shall interest myself in the problems."

On the other hand, he calculates that he can contribute something to the trade union movement.

Einar Forde is particularly pleased in regard to the unity the national congress displayed in foreign and security policies. "That shows how a debate as extensive as the one the Labor Party experienced can be conducted, and then a decision reached

on foreign policy, but I don't consider it an area where I shall have the greatest problems in keeping my opinions secondary. There are many other areas where it will be more difficult to fall into the new role."

[Question]: "The minister of planning, Per Kleppe, said at the congress that the resolution on a 6-hour work day was irresponsible?"

[Answer]: "Well, in that case it is a form of irresponsibility which means progress for the world."

"The Labor Party has through the years championed causes which were quite irresponsible when they were first proposed. Many of them have become realities. This congress has strengthened my conviction that this party surpasses all others in the matter of equality, both in setting forth goals and fulfilling them in concrete programs."

[Question]: "Do you consider your election as vice-chairman as a personal vote of confidence or as an expression of a desire for a more general radical line?"

[Answer]: "I hope that it is a little of both. I would hope that there is a little element of personal confidence in it."

[Question]: "Do you represent the left wing of the Labor Party?"

[Answer]: "No. I am thoroughly convinced that I have a responsibility which reduces the possibility for my pushing my own personal views. There is no other way to function as vice-chairman than to represent the entire party and the party's positions."

New Leaders, Old Policies

Oslo NORGES HANDELS OG SJOFARTS TIDENDE in Norwegian 6 Apr 81 p 2

[Editorial: "A Stronger Party"]

[Text] The Labor Party has a new generation of leaders. A new leadership is taking over where the old was fumbling, hesitating and laying the party open to conflict. With all the reins gathered in the capable hands of Gro Harlem Brundtland, well supported by among others Einar Forde, an inwardly strengthened Labor Party now enters the election campaign with vigor. It is strong here in the sense of being united. The spirit of moderation which embraced the party at the moment Gro Harlem Brundtland took over as prime minister was particularly reinforced at the recently concluded national congress. The quiet which marks the question of defense is symptomatic. For the first time in 34 years there was not any dissension on that subject in the congress.

The calm does not really reflect the actual situation in the party. The center and the two wings are still there. The weapons have only been put aside. It is of course difficult to guess for how long, but those who hope for drastic moves before the election are probably not very smart. Such a situation would require special and unexpected events.

If you give another meaning to the term "strong party" than that used above; namely, a strong party with views and new proposals to solve the basic problems of society, the picture is somewhat different. It can, to be sure, console those who note with increasing concern that the Labor Party is strengthening its position internally and externally. In the upcoming election campaign the voters will meet the same old party which does its best to discount reforms in advance without their being logically analyzed, the same party which maintains that inflation is perhaps the most serious problem but which in its program proposes nothing more than that is, must be solved sometime. Suggestions are completely lacking. And in practice principles become policies with a diametrically opposite logic.

As a consolation, yes, but not a restoration. Elections are not won on logic alone. Feelings, difficult to define, sympathies and antipathies, struggle side by side in the hearts of many people when a decision is to be made. In this more hazy area Gro Harlem Brundtland will come on strong. She has without doubt leadership qualities. The national congress should be strong enough proof of that. The people understand this. Moreover, she will be carried forward by the combined effort of a party organization. It will see to it that the picture she herself draws always has fresh colors. To show people how the picture should be seen in the right perspective is a task for others, which it should do well.

Biggest Advantage: Opponents' Divisions

Oslo AFTENPOSTEN in Norwegian 11 Apr p 3

[Article by Egil Sundar]

> [Text] The Labor Party's most important weapon in the struggle to remain in power is the persistent division on the non-socialist side. Prime Minister and Party Chairman Gro Harlem Brundtland never neglects an opportunity to remind people of the many unanswered questions in connection with the possible formation of bourgeois government after the election. The non-socialist parties themselves can take the responsibility for this fluid situation, and only they can clear the air and provide the necessary clarification. What the voters now await is an unequivocal statement that the Conservatives, the Christian People's Party and the Center Party commit themselves to create together a government if the parliamentary elections result in a non-socialist victory.

With an intensive input into all aspects of the election campaign by the three non-socialist cooperating parties, there is much to suggest that an electoral victory is within reach. We have, with certain assumptions, greater possibilities than at any other time in the post-war period to get a single-minded coalition government. But nothing is certain, and a non-socialist victory in the election is not to be taken for granted. The changed situation which has come about as a result of the new leadership in the Labor Party, combined with the continued uncertainty concerning an alternative non-socialist government, can eventually lead to an election result with one or more of the minor parties holding the balance. And even a non-socialist majority in the Storting can be the basis for several alternative governments.

The party congresses of the Conservatives and the Center Party have both confirmed the willingness of the two parties to work to form a non-socialist majority government after an eventual non-socialist victory in the election. The Center Party has, however, sharpened the political conditions for participating in such a government but without making absolute demands. The situation is different in regard to the Christian People's Party which will hold its congress during Easter. To be sure, the party, in a unanimous resolution of the parliamentary delegation, the executive committee and the national committee, has indicated its willingness to negotiate in regard to forming a majority government, and so far everything is fine. But the Christian People's Party raises an ultimatum in the abortion question: the condition for the Christian People's Party participating in a government with other parties is that this government would favor eliminating the right of a woman herself to decide whether to have an abortion. There is reason to believe that the national congress of the Christian People's Party will adopt a similar resolution.

If the Christian People's Party unequivocally maintains its position on abortion during eventual negotiations for a government, one can write off the possibilities for creating a non-socialist majority government in this round. And if the Christian People's Party should chose to abstain from such government cooperation, the Center Party will do the same. Johan J. Jakobsen has said that clearly for a long time. Then the alternative is a minority government of the Conservatives alone.

When the chairman of the Christian People's and Center Parties give the impression in a survey that the two parties have contributed to clarifying the government question as far as they are concerned, it is only a half truth. The facts speak for themselves. And the deplorable thing is that this uncertainity in regard to one of the main questions in the election can create resignation rather than optimism and courage to push ahead among the non-socialist voters. A spirit of optimism among the voters presupposes conscious inspiration from responsible circles in the three cooperating parties. Unfortunately, this is very much lacking.

Assuming that the ultimatum will be dropped, the non-socialist parties should issue a clear public statement that a non-socialist majority in the election this fall will lead to a non-socialist majority in the election this fall will lead to a non-socialist government with representatives form the Conservatives, the Christian People's Party and the Center Party. Such a common expression of intent will serve two important purposes. In the first place, it will constitute a highly necessary clarification in regard to an alternative non-socialist government and give this alternative credulity. In addition, such a manifestation of a binding common intent in regard to cooperating in governing will counteract the well-known divide-and-rule tactic of the Labor Party. As a result, the Labor Party's strongest campaign theme will lose its import.

Both Kare Kristiansen of the Christian People's Party and Johan J. Jakobsen of the Center Party have maintained to AFTENPOSTEN that they consider a common non-socialist statement of intent as unnecessary in the current situation. On the other hand, Jo Benkow, the chairman of the Conservatives, expresses the view that in his opinion it would be an advantage to say forthrightly: if the non-socialist parties obtain a majority together, they would also be willing to form a government.

"We said that in 1976, and we should be able to do so now," Benskow maintains. And indeed many non-socialist voters will agree he is right.

The non-socialist joint statement of 28 April 1976 removed all doubt about the non-socialist parties being united on the government question. The three parties made a commitment to the voters. The political significance of the declaration of intent was later reinforced by the joint statement of the Conservatives, Christian People's Party and Center Party representative in the Storting's finance committee in connection with the Nordli government's long-range program.

There are many people on the non-socialist side who believe--and are working for--taking up the pre-1977 election decision again at this crossroads. The impression of non-socialist divisions strengthens the view that such a course of action would be an asset to non-socialist efforts to cooperate. The fact that it has been shown to be impossible to achieve this, and the suggestion that the effort of the non-socialist parties regarding a common long-range position is meeting unexpected delays, are undoubtedly due to several conditions. First of all, since the power position has changed and made the Conservatives almost twice as strong as the Christian People's and Center parties together, "the center" has a greater need to delineate itself. All the time, it is still true that there can be no reliable non-socialist alternative without the Conservatives' participation. Also much more unites these parties than divides them. Consequently, it should not be any great problem to work out a common position regarding a long-range program, on which the Conservatives, Christian People's Party and the Center Party could agree in most respects. The question is whether there is a political will to do so.

But, in any event, a minimum requirement for the non-socialist parties would be to agree to form a government. The voters have today no guarantee what kind of government we would get if the election results in a non-socialist majority in the Storting. The question remains unanswered, despite party resolutions up to now.

Party Program Criticized

Oslo AFTENPOSTEN in Norwegian 11 Apr 81 p 3

[Text] The long-range program, the framework and the basis for the policies which the incumbent ogvernment intends to follow in the coming 5-year period if it should receive a new mandate, was not received particularly well by the opposition in the Storting. The long-range program promises hard years, low growth, little increase in purchasing power, and strenuous efforts to maintain the welfare benefits which have been attained.

The program shows that our criticism of the government's economic policies is justified. The center parties are critical in regard to the use of monies from petroleum, and the Socialist Party of the Left says no.

6893
CSO: 3108/124

GOVERNMENT MUST DISTANCE SELF FROM SDP POLICIES

Stockholm SVENSKA DAGBLADET in Swedish 5 Apr 81 p 2

[Editorial]

[Text] Today's SIFO [Swedish Institute for Public Opinion Polls] report, shown in figures and graphs elsewhere in this issue, shows no significant change in voter opinion since last month. And even then the situation was stable.

In other words there is a solid majority of the electorate supporting the socialist parties. However it would be much too bold to assume that a majority of the voters are socialists. Not all those expressing sympathy with the Social Democrats and the Communists are socialists. It is much more likely that quite a few of them are simply dissatisfied with the government and therefore support the opposition.

But it is worth considering the fact that if the Swedish people vote in the election as indicated in today's SIFO figures the development toward a socialist Sweden would gather momentum.

An election outcome giving the Social Democrats an absolute majority in parliament and providing a solid position for the Communist Party would lead to a socialist harvest. Among other things the danger of a socialized business life through trade union funds would become acute.

The threat is undeniably a serious one.

The three government coalition parties can count on a hard confrontation with the opposition leading up to the 1982 election. What is needed in this situation is deliberate behavior. If they succumb to fear of the outcry from the Social Democrats, VPK [Left Party Communists] and LO [Swedish Federation of Trade Unions]--most noticeably just now on the marginal tax issue--and abandon the standpoints they have taken the battle will definitely be lost.

Nothing is more dangerous for the government than a further expansion of the picture of uncertainty and dilatory behavior from which it has still not freed itself. And whatever the government does--even if it adopts all the opposition

proposals as its own--it won't get a bit of credit from them as a result. Those are the terms of confrontation politics; one just has to accept them.

It is obviously an advantage if necessary steps can be adopted in as much political unanimity as possible. But to seek cooperation with people who plan their actions solely in view of winning the 1982 election and damaging the government's position is a meaningless waste of time.

The government must now concentrate on the objective content of policy. It must decisively and without wasting time push through the measures it considers necessary to counteract the economic crisis. It knows--this is quite obvious--that behind the crisis lie such factors as a tax burden that is too high, marginal taxes that reduce labor efforts, inadequate profitability for private business, a public sector that is too expensive and excessive municipal expansion.

The government has already presented some proposed measures to counteract these unfortunate phenomena. But much more is needed. And each compromise that softens up and reduces the effect of such measures is the equivalent of a deterioration.

Only a forceful policy and one that is markedly different from the Social Democratic policy can save the government from a defeat in 1982.

6578
CSO: 3109/161

POLL SHOWS INCREASING DISENCHANTMENT WITH COALITION PARTIES

Stockholm DAGENS NYHETER in Swedish 5 Apr 81 p 8

[Article by Sven Svensson]

[Text] More and more Center voters distrust the nonsocialist three-party government. This appears from an opinion poll made for DAGENS NYHETER by IMU [Institute of Market Research]. Only 12 percent of Center voters now prefer a nonsocialist three-party government compared to 27 percent in November. A majority of Swedish voters would like a government transcending block boundaries.

In 2 or 3 months more than every other Center Party voter lost confidence in the present government constellation with the Conservatives and the Liberals. The main reason is the role of the Conservatives in the government. More and more Center people are disturbed at their party's inability to present a sharp profile so that the Conservatives play a dominant role in forming public opinion.

The Center youth organization is in open revolt against government cooperation with the Conservatives.

The poll was taken between 23 February and 4 March and there were 956 responses.

Questions

The question went like this:

"What type of government would you prefer? A straight nonsocialist government? A straight socialist government? A government in which parties from both political blocks are represented? No opinion?"

As was the case in the November poll there is a majority of the public in favor of a government across block lines.

The replies were divided as follows:

	Feb 81	Nov 80
Straight nonsocialist	11	15
Straight socialist	29	26
Both blocks represented	54	53
No opinion	7	5

Decline

The responses do not indicate how a government across block lines would look. Some responses might indicate a preference for a united front regime, others for a government consisting of the Social Democrats along with the Liberals and the Center.

Those who want a straight nonsocialist government have declined from 15 to 11 percent, a change that is statistically reliable. This decline occurred primarily among Center sympathizers but the other two government parties were affected as well.

Lost Faith

Of Center voters 12 percent chose a straight nonsocialist government compared to 27 percent in November 1980. In the Liberals' case the figure declined from 22 percent in November to 18 in February while the Conservatives declined from 37 percent in November to 30 percent in February.

In the case of Center people this was a loss of 15 percent. More than every other Center voter lost faith in the nonsocialist three-party government since November.

Many nonsocialist voters would prefer instead a government where both blocks are represented. Center voters preferring a government across block lines rose from 64 to 74 percent, Liberals increased from 74 to 76 and Conservatives from 59 to 65 percent.

Voters expressing no opinion were especially prominent among Center voters. In February 9 percent of Center voters took no stand on the government question which further underlines the uncertainty in Center ranks.

The straight socialist government alternative increased from 26 to 29 percent. In February 49 percent of the Social Democrats chose a straight socialist government compared to 53 percent in November. VPK [Left Party Communists] support rose from 52 to 80 percent. The big VPK gain can be explained on the basis of a small selection. Four percent of Center voters wanted a straight Palme regime, a clear protest against the present Falldin government.

For Coalition

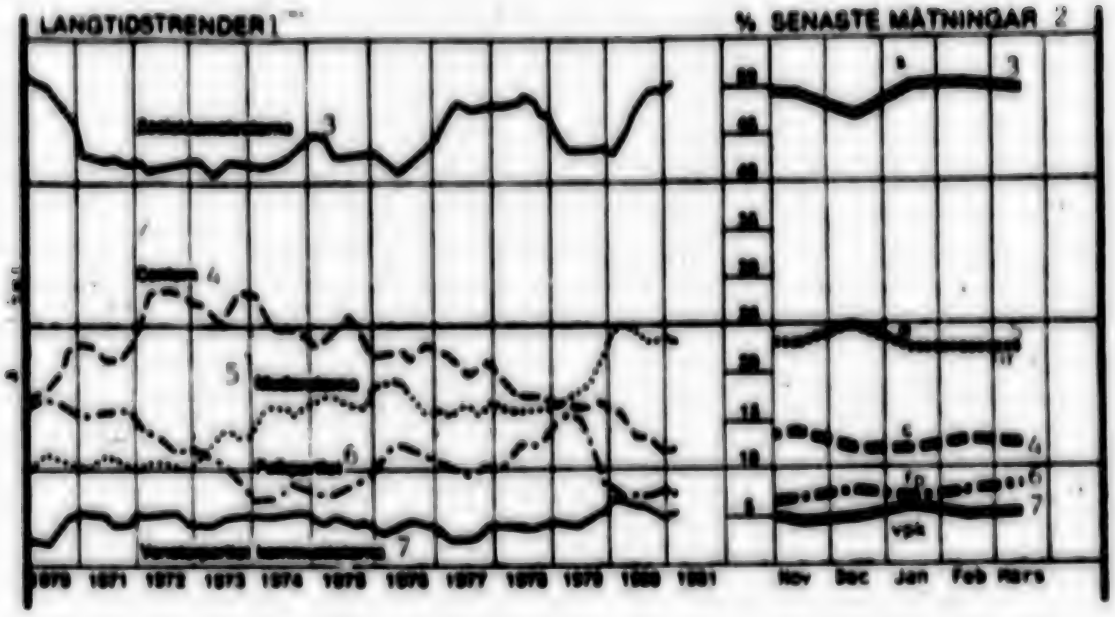
Many voters on the socialist side would also like a government across block lines. Of Social Democrats 44 percent chose a broad coalition but only 16 percent of VPK voters made this choice. The Social Democratic figures are largely unchanged since the last poll while the VPK figures declined sharply.

6578
CSO: 3109/161

POLL INDICATES NUMBER OF UNCERTAIN VOTERS INCREASING

Stockholm SVENSKA DAGBLADET in Swedish 5 Apr 81 p 2

[Article by Gunnar Andren]



[Text] SVENSKA DAGBLADET-SIFO [Swedish Institute for Public Opinion Polls] Voter Barometer

Key:

1. Long-term trends
2. Most recent polls, in percentages
3. Social Democrats
4. Center
5. Conservatives
6. Liberals
7. Left Party Communists

The long-term trends are centered averages calculated over 9 months. The trend level for February was: Conservatives - 22.5 percent; Liberals - 7.5 percent; Center - 12.4 percent; Social Democrats - 50.4 percent; VPK [Left Party Communists - 5.3 percent.

The last section of the graph has been enlarged. Figures are from the table below and comparable figures from polls in preceding months.

What Party Do You Think is Best Today?

Eligible voters, 18-70 with party affiliation	Mar 1981	Feb 1981	Jan 1981	Mar 1980	Mar 1979	Mar 1978
Conservatives	22.5	22.5	22.5	26.0	15.0	16.5
Liberals	8.0	7.5	7.0	6.5	18.5	12.0
Center	12.5	13.0	12.0	17.0	17.0	18.5
Social Democrats	50.0	50.5	50.5	42.5	42.0	46.0
Left Party Communists	5.5	5.0	6.0	7.0	5.0	4.5
Other parties	1.5	1.5	2.0	1.0	2.5	2.5
Eligible voters with party affiliation	100.0	100.0	100.0	100.0	100.0	100.0
Percentage eligible voters who have or stated no party affiliation	6.5	6.0	7.0	4.0	4.0	3.5
(Number of interviews)	(2002)	(1028)	(1006)	(1009)	(1019)	(1007)

The most recent interviews were taken on home visits from 4 to 24 March.

The answers were given in the form of sealed ballots. In the September 1979 election the Conservatives received 20.3 percent of the votes, the Center received 18.1 percent, the Liberals 10.6, the Social Democrats 43.2 and the Left Party Communists 5.6 percent. However the figures on the voter barometer should be compared with each other, not with the election results: the oldest eligible voters were not interviewed, not all those with party sympathies vote and there are variations among parties as to voting determination. The figures were rounded off to whole and half percentage points.

No attention should be paid to changes from a previously-established trend level (see above, beneath the chart) that are less than 2 percent for the Social Democrats or less than 1.5 for the other parties. One should also bear in mind that individual changes in a series do not necessarily indicate a new trend.

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Steady--on an Unsteady Foundation

Stable--on the verge of immobility.

That is the dominant impression given by the SIFO barometer for March.

It is not just that the changes since the previous month are within the statistical margin of error; in addition all the parties are now within such a narrow

interval as a half percentage point in relation to SIFO's projected long-term trend.

Stable then, at least until one starts to analyze what happened during a somewhat longer period of time in the first quarter of 1981. One sees then that the stability is only skin-deep. There is also good reason to maintain that the stability is based to a large extent on uncertainty on the part of a sizable group of marginal voters.

More than 100,000

This is the way the situation appears.

The latest pronounced change in voter sympathies occurred in the late fall of 1980. It was expressed mainly by an increase in the number of uncertain voters, those who didn't know if they really thought any party is "best" as SIFO asks.

The increase toward the end of 1980 and the beginning of 1981 was dramatic, definitely over 100,000 people and perhaps twice that many.

This occurred in the wake of the extra parliament, the savings plan, the increase in the value-added tax, the declaration of no confidence, the NCB [Owners of Norrlanp Cellulose Forests] crisis, ballot woes and the impression of general indecision within the government, played out in front of all the voters via the mass media.

The record deficit in the national budget with the resulting interest hikes did not exactly help to reinforce the picture of the government's energy and action level.

Well-meaning interpreters can say that the marginal tax reform, etc., sometimes called the 1980 Spring Offensive, averted continued losses among government supporters.

Many Uncertain

There are both government and opposition parties.

The Social Democrats for their part realize that the opinion poll gains in recent months are less the result of voter conviction that the Social Democrats are capable of solving the nation's problems than of lack of conviction that the three-party government can solve them. It is in this perspective that one should view the concentration on the Social Democratic "crisis group" under Ingvar Carlsson's leadership.

Most of the now uncertain voters, perhaps 75 percent or more, are probably non-socialist sympathizers at heart.

Their choices--especially whether they choose to vote or not--will be of decisive importance for the balance between the blocks in Swedish politics.

Among other things with its unusually comprehensive March survey, over 2000 interviews compared to around 1000 normally, SIFO has documented that those jumping party ship since the 1979 election have increased from 14 percent at the beginning of the year to around 16 percent now.

Under the apparently stable surface changes have been occurring in party sympathies since the 1979 election, with almost one-sixth of the voters having changed their minds on which is the "best party" since then.

Conclusion: The "uncertain" voters could play quite a few tricks on the Social Democratic "SIFO majority" in the months ahead.

That is if they are encouraged to do so by the policies of the government parties.

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STUDY SHOWS CENTER PARTY CONTINUES TO LOSE SUPPORT

Stockholm DAGENS NYHETER in Swedish 13 Apr 81 p 6

[Article by Dick Ljungberg]

[Text] The Center Party declined 2.3 percent in public opinion polls from the half year before the popular referendum on nuclear power in March 1980 to the half year period after the referendum. At the same time the Social Democrats rose 2.8 percent. Both changes are statistically reliable. This was shown by a study made for DAGENS NYHETER by IMU (Institute for Market Surveys).

IMU went through the 18 surveys made from fall 1979 up through 1980. In all there were 7781 interview responses from people eligible to vote in the 1979 parliamentary election.

The material was divided up into two time periods, fall 1979/winter 1980 (period 1) and spring 1980/fall 1980 (period 2). Thus the line between the two periods is around the time of the referendum. There were 3459 interviews in the first period and 4322 in the second.

The result of shifts in party sympathy between the two periods are shown here in percentages:

	Period 1	Period 2
Conservatives	22.4	22.6
Liberals	8.5	7.7
Center	17.4	15.1
Social Democrats	43.7	46.5
VPK [Left Party Communists]	5.5	5.5

Since the Liberal support also declined 0.7 percent this means that sympathy among the electorate for the nonsocialist block declined from 48.3 to 45.4 percent between the two periods while the socialist block increased its share from 49.2 to 52.0 percent.

Based on the broad interview material IMU was able to study changes in party sympathy in various voter groups. It can be stated generally that the Center declined in all groups and the Social Democrats rose in all of them.

Younger Voters Move Left

The Liberal Party lost ground mainly among men (from 8.1 to 6.8 percent) while by and large holding its own with women. The Center lost both men and women (minus 2.3 percent in both groups).

All the nonsocialist parties lost ground in the youngest age group--18 to 29--while the Social Democrats and VPK gained in this group. The Social Democrats made a gain in this youngest group of as much as 6.7 percent while VPK--which has long had a relatively high share of younger voters--advanced 1 percent. The Conservatives on the other hand gained more adherents in the older age group, 50-74.

The Conservatives also received more supporters among those with extended educations--all schooling beyond the basic elementary school level--while both the Center and Liberal parties lost sympathizers in this group. The Social Democrats gained in all educational groups.

Among the gainfully employed both the Center and the Liberal parties lost support (3.1 and 2.1 percent respectively). However the Liberal Party gained 1.9 percent among those not gainfully employed. The Social Democrats gained 4.2 percent among the gainfully employed.

The Conservatives made great gains in the highest social group but the Social Democrats also made gains there--4.5 percent. Other parties lost ground in this category. Among Center voters the share of workers declined from 16.3 to 14.1 percent while the Social Democrats gained in this group, going from 58.5 to 62.1 percent.

Conservatives Up in Cities

It was mainly the Conservatives who gained ground in big cities while the other "big city party"--the Liberal Party--registered a slight decline. The Center Party lost ground mainly in small and medium-sized towns. The Social Democrats and VPK advanced in medium-sized towns (20,000 to 200,000 inhabitants).

The Center and Liberal parties lost ground in western Sweden to the benefit of the Social Democrats who have also picked up supporters in Svealand.

The Center and Liberal parties lost sympathizers among owners of single-family houses (minus 3.0 and 1.4 percent respectively) while the Social Democrats gained 4.4 percent there. The Center Party also declined among those living in multiple-family housing.

The confidence of families with children in the Center and Liberal parties declined to the advantage of the Social Democrats and Conservatives.

Households with the highest incomes are increasingly abandoning the Conservatives and the Liberals in favor of the Social Democrats. Their share of households with incomes of over 120,000 kronor rose from 32.5 percent in 1979/80 to 40 percent at the end of 1980.

Every Other Liberal Voter Has Shifted Party Loyalty

As early as late fall 1979 following the September parliamentary election, one Liberal voter in four had shifted party. In spring 1980 every other Liberal had shifted party. This is shown by a survey made by IMU of the flow of supporters from one party to another from fall 1979 to fall 1980.

IMU determined the trends in the electorate by comparing how the people interviewed voted in the 1979 election with the party they listed as the "best party" in each later period: fall 1979, winter 1980, spring 1980 and fall 1980.

During this year the Social Democrats advanced in the IMU polls while the Center and to some extent the Liberal Party lost ground.

Those who voted for the Social Democrats in September 1979 have been very loyal to the party. In all four polling periods around 95 percent continued to choose the Social Democratic Party as their "best party."

The Conservative voters were also very loyal to the party. Their series went 95-89-93-91 percent, in other words nine out of ten Conservatives remained faithful to their party.

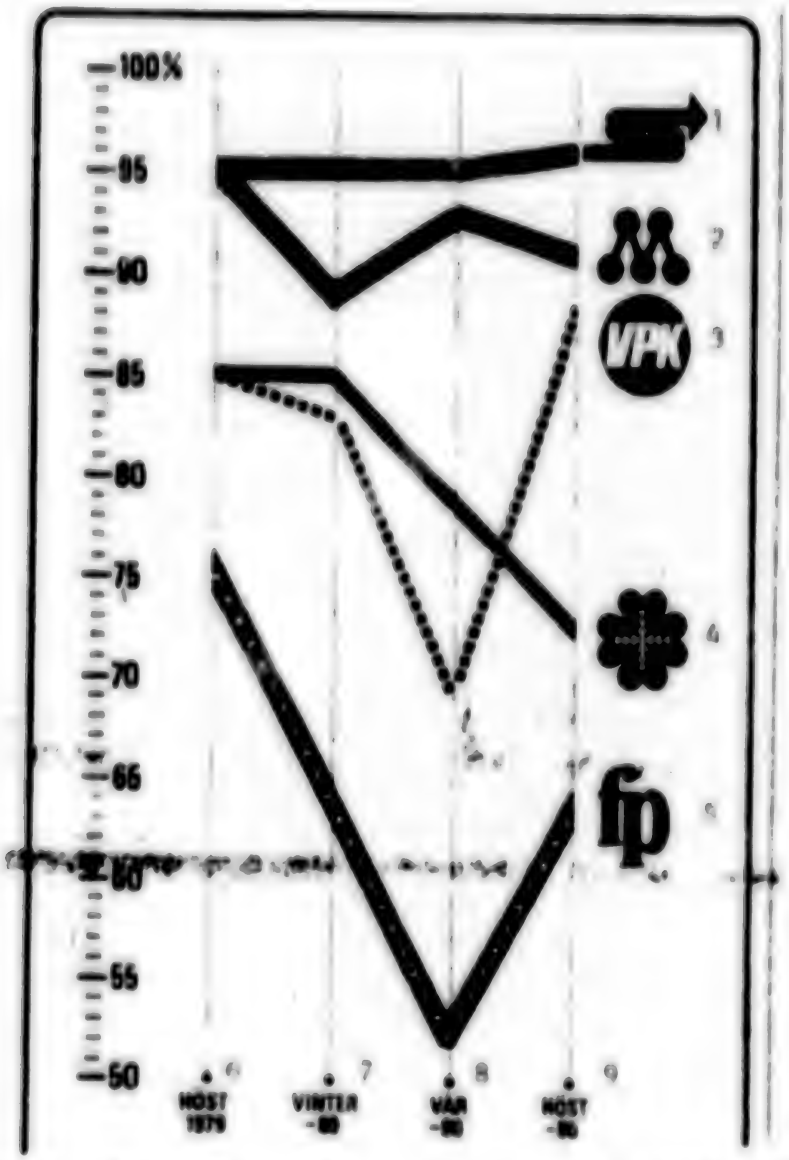
The Center Party started out at a high level with 85 percent of its voters remaining faithful to the party in fall 1979 and in winter 1980. But later things went downhill, the figure for spring 1980 was 79 percent and it was 72 percent for fall 1980.

VPK also enjoys a relatively high degree of voter loyalty but had a sudden decline in spring 1980 to 69 percent. The VPK series is 85-83-69-88.

Trend Toward Conservatives, Then Toward Social Democrats

The Liberal Party has by far the least loyal voters with 76-64-52-64 percent as the final results of the four periods of measurement. Most of those who left the party have gone over to the Conservatives, with 20 percent of those who voted Liberal in 1979 listing the Conservatives as the "best party" in spring 1980.

But it is an interesting trend that more and more Liberals are starting to go over to the Social Democrats. In fall 1979 only 4 percent of the Liberals gave the Social Democrats as the "best party." In winter 1980 the figure was up to 9 percent, in spring 1980 it was 17 percent and in the fall it was 11 percent. The Center Party has also picked up some old Liberal voters.



Key:

1. Social Democrats
2. Conservatives
3. VPK
4. Center
5. Liberals
6. Fall 1979
7. Winter 1980
8. Spring 1980
9. Fall 1980

The diagram shows how faithful voters who voted for the various parties in the parliamentary election of September 1979 were to these parties during four measurement periods up to and including fall 1980. It shows for instance that 96 percent of those who voted for the Social Democrats in the parliamentary election still supported that party in fall 1980. And only 52 percent of those who voted for the Liberals in the parliamentary election chose the party as the "best" one in spring 1980. Every other Liberal voter had shifted parties by then. (Diagram by Rune Almqvist)

The few who left the Conservatives went over mostly to the Center up to spring 1980 but in the fall the Liberals and Social Democrats suddenly became equally attractive. At that time 3 percent of those who had voted Conservative before listed the Social Democrats as the "best party."

Small Social Democratic Flow to VPK

Center voters are more stable than Liberal voters but otherwise the tendencies among defectors were about the same. First there was an overflow to the Conservatives but from spring 1980 the Social Democrats became increasingly attractive and that fall more Center sympathizers shifted to that party (11 percent) than to the Conservative Party (10 percent).

The small flow from the Social Democrats goes mainly to VPK but it amounts to 2 percent at the most. On the other hand in spring 1980 as many as 19 percent of former VPK voters listed the Social Democratic Party as the "best party." In fall 1980 the figure was down to 7 percent.

These flow results correspond to what was found earlier in analyses made of best and second best parties by IMU. For instance there is a strong tendency to shift between Conservative and Center parties and such a shift has actually taken place to the benefit of the Conservatives.

On the other hand there are many Social Democrats who list the Liberal Party as second best. In reality that is where the boundary line goes between the nonsocialist and socialist blocks wrote IMU in a commentary on this study. But no shift from the Social Democrats to the Liberals took place even though a basis exists for such a shift.

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STUDY SHOWS REALIGNMENT IN PARTY LOYALTIES FORMING

Stockholm DAGENS NYHETER in Swedish 13 Apr 81 p 2

[Editorial]

[Text] IMU [Institute for Market Surveys] has presented its annual report for 1980 which shows party sympathies from October 1979--right after the last election--to November 1980. Shifts between parties are the same as those shown by several opinion polls: an increase of several percentage points for the Social Democrats, a relatively sharp decline for the Center and a smaller one for the Liberals. More interesting in this connection are the analyses of voter migration within and across block lines. It is apparent that the old party divisions along job and social group lines are breaking down.

The Liberal Party is the one with the greatest mobility. As early as right after the election one in four Liberal voters had changed party, by spring 1980 every other Liberal had left the party. Most of the flow went to the Conservatives, but lately a growing number have gone over to the Social Democrats as well. The same tendencies are found in the Center Party although the party has a more stable core.

The fact that the Social Democrats whose voters were most loyal during this period picked up a total of several percentage points may not lead to undiluted delight on the part of party leaders. It was noteworthy that households with the highest incomes--over 120,000 kronor--seem to be abandoning the Conservatives and the Liberals, sympathizing to an increasing extent with the Social Democrats. The party has also gained ground among owners of single-family homes. It could of course lead to some delicate problems for the party if its marginal voters belong to groups traditionally strongly opposed to those who make up the party's majority and base.

The shifts between blocks and among parties are scarcely based on ideological reasons, it is not a matter of choosing among different political alternatives but of confidence and forcefulness.

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INSTITUTE STUDY PROFILES 'TYPICAL' ADHERENT OF PARTIES

Stockholm DAGENS NYHETER in Swedish 12 Apr 81 p 6

[Article by Dick Ljungberg]

[Excerpts] The typical reliable Center sympathizer is a woman living in a village or in the country. The typical reliable VPK [Left Party Communists] voter has a baby, a high level of education and high social status. That is what IMU (Institute for Market Surveys) has come up with.

IMU has reviewed 18 surveys made since the fall of 1979 at the request of DAGENS NYHETER. In all there were 9027 interviews of which 7781 (86.2 percent) were people eligible to vote in the 1979 parliamentary election.

One of the results showed what the parties' core voters and marginal voters "look like." But first--how does IMU distinguish between "reliable" and "uncertain" sympathizers?

The definition of a reliable sympathizer is a voter who does not list any "second best party" or one who does but says the difference between it and the "best party" is very or quite large.

Uncertain sympathizers are those giving a "second best" party and saying that the difference between it and the "best" party is very or quite small.

Not unexpectedly the study showed that it is the middle parties, the Liberal and Center voters, who are least secure. But there are variations among the four periods studied: fall 1979, winter 1980, spring 1980 and fall 1980.

For example only 25 percent of the total Liberal share of the electorate could be regarded as reliable sympathizers for quite a long time. But in the fall of 1980 the figure shot up to 40 percent! The Center Party has held steady around 35 percent.

The Conservatives, Social Democrats and Left Party Communists have a much higher percentage of reliable sympathizers.

Figures Hard to Interpret

Both the Conservatives and the Social Democrats have swung between 50 and 60 percent of reliable sympathizers while the VPK curve has been quite fluctuating. In fall 1979 it was 60 percent, in winter 1980 (during the referendum campaign) it was 40 percent, in spring 1980 it was up to 60 percent again only to fall to 35 in the fall.

But as IMU points out these figures are hard to interpret. An increase can suggest both that the party is losing ground through the defection of uncertain sympathizers and that the party is consolidating its position due to the fact that more and more regard themselves as reliable sympathizers.

With this as a background together with information about the respondents' social group, education level, sex, age, etc. IMU has tried to find tangible differences between the core and marginal voters of each party. Here are the results:

Conservatives

Reliable: High social group, high level of education, high income, living in multiple-family housing in big cities and in Svealand.

Uncertain: Workers, basic education, low and medium income, women living in single-family homes or on farm properties in villages and in the country as well as in southern Sweden and Norrland.

Liberals

Reliable: People without children, SACO/SR [Swedish Confederation of Professional Associations/National Federation of Government Employees] members, living in multiple-family housing in big cities and in Svealand.

Uncertain: People with children, living in single-family houses, civil servants, aged 30-49.

Center

Reliable: Women living in villages and in the country.

Uncertain: Men living in big cities.

Social Democrats

Reliable: LO [Swedish Federation of Trade Unions] members, low incomes, high level of education, those over 50.

Uncertain: People with children, medium income, people with trade school or basic school education and people under 30.

VPK

Reliable: People with preschoolers, high social group and high educational level.

Uncertain: Workers with medium incomes, basic school education, those over 50.

Interesting Details

If one looks closer at the detailed figures behind this summary some interesting facts emerge. For example both Liberal and Center adherents are dominated by women, while the Conservatives and Social Democrats are dominated by men. Only VPK shows an even distribution between the sexes.

Gainfully employed people dominate more among Conservatives and VPK sympathizers than they do in other parties. The Center Party has the largest share of people not gainfully employed.

The Center also has a relatively high number of low-income workers (under 60,000 kronor) while the Liberals and in particular the Conservatives have many high income people (over 120,000 kronor). It is also the Conservatives who are more likely than other party sympathizers to have a boat, vacation house and two or more cars.

Conservatives, Liberals and--naturally--Center Party people live in single- or two-family houses to a much larger extent than Social Democrats and VPK people. The Conservatives, Liberals and VPK are the most pronounced big city parties.

The Conservatives are relatively strong in southern and eastern Gotaland and in central Sweden while the Liberal Party still has a strong grip on western Gotaland. The Center Party has relatively strong support in southern and eastern Gotaland as well as in Norrland while it is weak in central Sweden. The Social Democrats have relatively large levels of support in Norrland as VPK has in central Sweden.

Liberal Voters Most Dissatisfied with Their Party

Left Party Communists and Conservative sympathizers are most satisfied with the actions of their own parties when it comes to the most important political issues. Liberal voters are most dissatisfied with their own party.

This is shown in a comparison of earlier surveys which IMU (Institute for Market Surveys) made for DAGENS NYHETER.

On the average 62 percent of VPK sympathizers are satisfied with the way their party handles 20 important political issues. For Conservatives the figure is 52 percent, for Social Democrats it is 44 percent, for Center people it is 39 percent and for Liberals it is 29 percent.

The people interviewed were asked to give the two most urgent issues they felt the politicians should take up. During 1980--the year covered by most of the surveys--a very dramatic shift occurred.

Before the popular referendum in March 1980 43 percent of those asked gave energy issues top priority but that figure has now declined to 14 percent. The respondents feeling that politicians should come to grips with the Swedish economy, on the other hand, rose from 20 to 49 percent.

Conservative sympathizers are most satisfied with their party's handling of energy issues (62 percent), the trade and exchange balance (62) and the economy (60). They were least satisfied with the party's handling of environmental issues (29 percent felt they were handled well) and alcohol and narcotics problems (34 percent).

Among Liberal voters there were really no issues that got the approval of more than a third of those asked. They were most satisfied--or least dissatisfied--with alcohol and narcotics (37 percent) and care for the elderly (39 percent).

Almost half the Center sympathizers were satisfied with the party's handling of heavy matters such as employment, energy, the economy and taxes. They were least satisfied with childcare and family policy (22 and 21 percent respectively).

Social Democrats clearly approve the party's economic policy (54 percent satisfied), jobs and employment (50 percent) and care for the elderly (56 percent). There were 48 percent who felt the party did a good job with childcare and 47 percent approved the energy policy.

Social Democratic voters were least satisfied with the subsidy issue (21 percent), alcohol and narcotics (29), schools (31), environmental issues (36) and family policy (35 percent satisfied).

VPK people are generally very satisfied with their party's handling of the various issues. For example 70 percent backed the party's economic policy.

Marginal Taxes

Reducing marginal taxes is the most important item on the agenda just now for the nonsocialist government. On Saturday representatives of all the government parties talked of the importance of tax reform but the Social Democrats feel the talk about restraining the public sector is inapplicable. The Left Party Communists are calling for new tax ideas and the elimination of the value-added tax on food.

Liberals: Will to Work Checked

High marginal taxes have been a hindrance to the individual's willingness to work, Liberal leader and Foreign Minister Ola Ullsten said in Hjo on Saturday.

The government's proposal to reduce marginal taxes would radically change the marginal effects, Ola Ullsten said. With the radical tax reform strict limits on public spending are needed. But the crisis program should not contain sticks alone, carrots are needed too--and that is what the marginal tax reduction represents according to Ullsten.

A resurgence of small businesses is needed to bring Sweden back in balance, according to Budget Minister Rolf Wirten (Liberal) who spoke in Varnamo on Saturday.

Social Democrats: Services Just as Expensive

There is no basis for the nonsocialist parties' assertion that if only the public sector is restrained industry will start blossoming. So said member of parliament Hans Gustafsson (Social Democrat) in Jonkoping Saturday.

VPK: Provisional Decision

The Social Democrats should help create public support for a provisional tax solution instead of negotiating with the bourgeois parties according to the leader of the Left Party Communists, Lars Werner, in Eslov on Saturday.

Center: Responsibility Shared by All

"All parties must shoulder the responsibility for achieving agreement on a marginal tax reform," said the vice chairman of the Center Party, Social Affairs Minister Karin Soder, in Boras on Saturday.

Karin Soder spoke at the Center district meeting and said it is vital to carry out marginal tax reforms in a spirit of broad unanimity. Respect for the tax system is an important cornerstone in a democracy, Karin Soder said.

"The public sector must be utilized to stimulate the economy. A deliberate increase in public services can help to stimulate business life," Karin Soder stated.

Conservatives: Won't Haggle Over Pledge

There is no reason to compromise with the Social Democrats on tax reforms if their leaders don't accept the idea of lower taxes.

That is how Planning Minister Georg Danell (Conservative) expressed his party's viewpoint on the talks between the government and the Social Democratic Party on marginal tax reductions.

"The demand for a maximum 50 percent in marginal taxes for the majority of full-time workers is unshakable," said Georg Danell, speaking in Falkenberg on Saturday. "We are not prepared to haggle over that commitment."

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BILL ON WORK HOURS WILL NOT WEAKEN DEFENSE FORCES

LD301021 Oslo ARBEIDERBLADET in Norwegian 10 Apr 81 p 6

[NORSK TELEGRAM BYRAA report: "Historic Milestone in Defense Forces' History"]

[Excerpt] The introduction of the working environment bill's regulations covering working hours will not lead to any weakening of the Norwegian defense forces. On the contrary the new regulations, together with the new rules governing where officers are to be stationed and a better supply of dwellings for military employees, will help to stem the tide of officers resigning from the defense forces. The working environment bill's effect within the defense forces will call for greater efficiency and some rationalization in the defense forces' activities--and the defense forces will never be able to compete with the oil industry as far as wages are concerned.

Defense Minister Thorvald Stoltenberg and Defense Ministry Secretary of State Bjoern Bruland made these statements in an interview with NORSK TELEGRAM BYRAA.

From 1 October this year the working environment bill's tenth chapter will apply to all military employees once agreement has been reached between officers' organizations and the Defense Ministry on certain applications of the law. The defense minister described the introduction of the working hour regulations as a milestone in the defense forces' history.

Stoltenberg said that the ministry's political leadership has been in contact with the Norwegian Trade Union Federation's leaders during the long and difficult negotiations with the officers' organizations.

"The aim of the talks with the Trade Union Federation leaders was to reach a general arrangement of the working environment bill in the defense forces approximating to the arrangements for other vocational groups in society. We cannot close our eyes to the fact that the working environment bill was hardly drafted with the defense forces in mind, but specifically for industry. Its introduction creates special problems for an institution like the defense forces," Stoltenberg said.

"The introduction of the working environment bill is probably a greater challenge for the defense forces than for other groups in society, as a result of the fact that military employees were not covered by the earlier workers' protection bill either."

The Norwegian Officers Association is also well satisfied with the new breakthrough in the negotiations on the application of the working environment bill. Association chairman Theodor Theodorsen described the introduction of the bill to the defense forces as a historic event. The work to achieve this has taken almost 4 years from the time when the question was first raised with Norway's political authorities.

CSO: 3108/127

RIGHTIST ANTI-DEMOCRATIC SENTIMENT AMONG MILITARY OFFICERS

Hamburg DER SPIEGEL in German 30 Mar 81 pp 184-185

/Interview with unidentified high-ranking Spanish military officer in the Madrid office of the SPIEGEL, by editor Volkhart Mueller: "The Will of the Extremists To Effect a Coup Is Unbroken"; date not specified/

/Text/ The 43-year-old captain, who was willing to talk with the SPIEGEL only anonymously, served with Madrid's 1st Armored Division (Division Acorazada) for several years. He was reassigned to a desk job -- right after democratization began -- because he had labeled former head of state Franco a dictator and had characterized most of the active-duty generals as "suspect when it comes to insurrection."

SPIEGEL: The attempted coup on 23 February took the Spanish people and the politicians completely by surprise. How could the civilians be so mistaken about their armed forces?

Captain: We democrats in the military have always insisted that the armed forces didn't share the people's desire for democracy and freedom. No one took us seriously. The politicians said we were a bunch of incurable grumblers. And our reply to them was that they were irresponsible suicidal types. The only thing that surprised us about this coup was that it hadn't taken place long ago.

SPIEGEL: In other words, the military opposes democracy?

Captain: The great majority opposes democracy. I'm not saying this just to be insulting, but because it's the result of analyzing the sad truth about Spain. We must not forget, you know, that our armed forces were absolute supporters of Franco. Armed forces in the service of a dictatorship which relied upon repression and censorship. And this dictatorship army remains totally unchanged even today, after 5 years of political reform.

SPIEGEL: But probably mainly because the politicians who set out to transform the Franco dictatorship into a democracy assumed that military men were supposed to just carry out orders, nothing else.

Captain: But the Spanish military doesn't want to accept orders from democrats because it opposes democracy. Dictator Franco had provided for a successor, and

the military was certain of being able to use him to remain in power for another 50 years. But this successor -- King Juan Carlos -- has changed the form of government, and to the military that's like a coup d'etat.

SPIEGEL: Couldn't, or wouldn't, the politicians see what the situation was in the armed forces?

Captain: They lacked the political will to reform the army. They not only neglected to democratize the armed forces; they didn't even explain what democracy really is.

SPIEGEL: But why is the military so terribly dissatisfied? After all, there aren't even any socialists in power in Spain, let alone communists.

Captain: But most of the military reject even modern, liberal capitalists.

SPIEGEL: Hasn't this defensive attitude on the part of the military been further intensified recently as a result of the attacks by the ETA, the Basque underground organization?

Captain: Of course the terrorists want consciously to provoke the military. In this way a strange complicity has developed between two groups, each of which pretends to want the complete opposite of what the other wants.

SPIEGEL: But the military did let more than 5 years go by before they attempted a coup.

Captain: They've always wanted coups. It's just that earlier they didn't dare try. But they lost their fears some time ago.

SPIEGEL: Why?

Captain: We had something like a coup attempt a good 2 years ago, with the "Operation Galaxia." And they all saw that the conspirators went virtually unpunished. The government has always acted weak and fearful toward the antidemocratic military.

SPIEGEL: Then how do you explain the fact that the military felt so much happier under Franco than it does under a democracy?

Captain: It's probably because the majority of the armed forces imbued the figure of dictator Franco with a mystical quality, so they put up with miserable wages, deplorable organization and truly pathetic military equipment. We always were a very poor fighting force. Only as a police force did the apparatus function in a first-rate manner.

SPIEGEL: Only against the "internal enemy" then?

Captain: Up until today, Spain's military has seen its enemies only in its own country. And in its eyes, all those who are for the new constitution and the king are enemies. This is the way the army thinks; that's the sad truth.

SPIEGEL: But why is it that the Spanish military's behavior is so different from that of most of its European comrades-in-arms?

Captain: There's a study by an English sociologist that links the level of political development of a country's military force with its hunger for political power. Here in Spain there has been scientifically exact proof of this study: a low level of political development -- a constant desire to rise above the political, civilian authority.

SPIEGEL: Well, don't the Spanish armed forces feel themselves to be a part of society?

Captain: Every Spanish military man believes he is something special. They all feel superior to civilians. They consider themselves a spiritual and moral reserve for the nation. They see themselves as the chosen ones "by the grace of God." They are contemptuous of civilian society and believe that contact with it can only be dangerous.

SPIEGEL: In other words, a voluntary retreat into a kind of ghetto?

Captain: Civilian society, which in turn fears or is disdainful of the army, hasn't done much to prevent these ghettos. For instance, we live in housing areas reserved for the military, and that is where the elitist military feeling of exclusiveness is developed. We have our own shopping centers and dispensaries, our own clubs, our own vacation areas. Our children go to schools established especially for them -- religious schools, of course. The children of these ghettos then intermarry, thus reproducing over and over again their ideology and their mind-set.

SPIEGEL: But surely the young generation of officers -- who didn't experience the Spanish Civil War, for example --are more receptive to democratic ideas.

Captain: No. The opposite is more likely to be the case. Around 70 percent of the students at the military academies are sons of military men, who traditionally have a very low opinion of democracy. This is a very serious problem for the future.

SPIEGEL: So the young officers don't learn anything about democracy at the military academies?

Captain: At the Army General Staff School in Madrid, for example, the new democratic constitution is indeed part of the curriculum of study, but the constitution is not discussed in the class because the instructor assigned to teach it is opposed to the constitution.

SPIEGEL: Not even 2 percent of the Spanish people voted for franquista parties in the last parliamentary elections. Didn't the military note this?

Captain: The whole world took note of it; it was only the Spanish army that didn't. It believes what it heard for 40 years from Franco: The people are stupid and can be manipulated, so therefore the best thing is not to ask them at all.

SPIEGEL: But the defense minister said in parliament in his account of the background of the coup that 99 percent of the Spanish armed forces were loyal in their service to the country, the king and the constitution.

Captain: In saying that, the defense minister deceived the public.

SPIEGEL: Well, perhaps he hopes this interpretation will stimulate wavering military men to get behind the constitution.

Captain: That would be a truly infantile tactic. False statements like these only mask the true danger, in the future as well as now. The Spaniards still have no idea of the situation inside the army. That's tragic, for the people have sought a patriotic, peaceful, free future and have helped build democracy in a disciplined and cheerful way. And these people, with all their hopes, are powerless against a minority to whom they have given weapons and to whom they pay out 250 billion pesetas a year. It's a truly awful situation.

SPIEGEL: And what do military men who think the way you do propose to do to change the situation?

Captain: We democrats in the military can only send Europe an SOS, so that European politicians can bring their influence to bear on the responsible Spanish politicians and military leaders.

SPIEGEL: You didn't want to see your name mentioned in this interview. What are you afraid of?

Captain: We democrats in the military are living in a real witch-hunt atmosphere here; a climate of persecution still holds sway. During the democratization following Franco's death, the few democratic military men that existed at the time ventured to go public. But many of them were punished for being democrats. They were transferred for disciplinary reasons or even placed under military arrest.

SPIEGEL: And nothing changed following the unsuccessful coup attempt?

Captain: A few in the military are ashamed of the sorry spectacle, but even then probably only because the unseemly act of violence was broadcast over television. There are only a very few who have truly condemned the coup attempt. And the democratic officers who have held out until now, despite all the harassment, are starting to resign. Meanwhile, we're even receiving death threats.

SPIEGEL: Do you fear a new coup?

Captain: The will of the extremists to effect a coup is unbroken. Nor have they risked anything. It is apparent that the politicians no longer dare even to use existing laws against the conspirators. For according to the military penal code, all military men who participated in the revolt ought to be given prison sentences of between 12 and 30 years.

SPIEGEL: The king himself -- who is, to be sure, supreme commander of the military -- has warned the politicians against proceeding too harshly against those involved in the coup.

Captain: The king is certainly the major obstacle for the insurrectionists; the king plainly favors democracy. This is very important. But we also shouldn't forget that the king is a person vulnerable to assassination attempts. And it's intolerable that a community of 38 million people is dependent upon just one man.

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